No Immunity: When the Thais Sneezed, World Caught a Cold

Experts Ignored Warnings And Misdiagnosed Onset Of a Serious Global Crisis

By Nicholas D. Kristof and Sheryl WuDunn New York Times Service

In Red Square in Moscow, just across from the mansoleum where Lemin lies in state like an old biological curiosity preserved in formaldehyde, there is a grand three-story stone building that these days is in about the same shape.

The rococo facade of the GUM department store resembles a cathedral, but its gandy interior is an emporium with mink coats on hangers and on customers. GUM seemed a symbol of Russia's hope, for the spiffily dressed chairman of the board, Yuri Solomatin, 44, came across as a Russian capitalist with a difference,

Mr. Solomatin eschewed the mob, limousines and bodyguards. He boasted of running the most open, market-oriented, Western-style company in



Behind the Global Economy Second in a series

all Russia - proving this by granting himself and other managers stock options that soared 15-fold. He sold more than half of GUM's stock to foreigners, mostly Americans and Europeans, an unheard-of feat in nationalistic Russia.

Then came the Russian devaluation and market meltdown in August, and suddenly GUM crumbled. Its stock has fallen to 25 cents a share, from a peak of \$5.40, and its shops today are a sea

of signs that scream skidka — discount.
"Overnight," Mr. Solomatin said heavily, sitting in a third-floor conference room, "we were

How did GUM get hit by what started as a run on the Thai currency in July 1997? Why did the crisis ripple from country to country and end up leaving Russia facing hunger and economic chaos, with 30 percent of Russians living below the poverty line, up from 18 percent at the end of 1996? And why has it now hit Braza and shaken imancial markets in Argentina, Colombia and Mexico?

The answers will be debated for years, but some explanations are emerging for what is known as the contagion effect: the tendency of a financial crisis to spread and "infect" other nations.

The growing interdependence through the fabric of the world economy connected GUM even to Mary Jo Paoni, a secretary in Cantrall, Illinois. Mrs. Paoni patronizes a Bergners department store, and her husband frequents Kmart, but through her Illinois state pension fund she was in a sense a tiny part owner of GUM.

The pension fund owned \$7.2 million worth of the Brinson Emerging Markets Fund, and records show that Brinson in turn bought \$138,000 in

GUM stock. In the Soviet days, GUM was the best de-partment store in Russia, with lines of people

waiting each morning to enter.

Partly because of its fame, GUM was among the first Russian companies to be privatized after the fall of the Soviet Union. It became an upscale shopping mall, and every day 200,000 shoppers trooped down its aisles. More than 40 international retailers occupied space, paying what analysts said were higher rents than anywhere else

Fund managers were impressed by all this and by GUM's declared commitment to international standards, "GUM has a strong balance sheet, no long-term debt and high liquidity," wrote Sector Capital, a Moscow investment bank, in 1996.

See MARKETS, Page 16

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A Kurd with an Ocalan poster protesting Tuesday at the Greek Embassy in The Hague.



Kurdish protesters smashing windows at the British Consulate in Hamburg.

New Pledges for a Nazi Fund

12 German Firms to Compensate Wartime Slave Workers

By William Drozdiak Washington Post Service

BERLIN — The government of Chancellor Gerhard Schroeder announced Tuesday that twelve of Germany's biggest banks and businesses-will contribute money to a new fund designed to compensate hundreds of thousands of workers, mainly from Eastern Europe, who were enslaved by the Nazis.

The formal pledge to establish the fund, which is expected to be worth at least \$2 billion and possibly much more, follows months of intensive talks to head off a flurry of lawsuits that threatened to inflict serious economic damage on Germany's largest corporations and to disrupt their expansion plans in the United States.

At a press conference, Mr. Schroeder acknowledged that the purpose of the fund was to

counter the risk of class-action lawsuits "and to remove the basis of the campaign being led against German industry and our country. praised the firms that signed up to provide the financing and said this initiative 'shows that German business can deal responsibly with its

After taking office in October, Mr. Schroeder has tried to accelerate a resolution of the slave labor controversy, which was never properly addressed by previous German gov-ernments. While Bonn has paid out more than \$60 billion in reparations since the war to Jewish and other victims of Nazi crimes, it excluded slave workers because they were technically "employed" by private companies, such as Siemeas or Volkswagen.

See GERMANY, Page 5

Kurds Take Captives Across Europe After Rebel Chief's Arrest

Wave of Rioting In Major Cities

By Alessandra Stanley New York Times Service

ROME — Enraged by Turkey's capture of the Kurdish rebel leader Abdullah Ocalan, Kurdish protesters stormed Greek and Kenyan diplomatic posts throughout Europe on Tuesday, taking hostages, burning embassies and, in some cities, even setting themselves on fire.

With what seemed like extraordinary coordination, Kurds in Paris, Moscow, London, Frankfurt, Milan, Berne and a dozen other cities went on rampages of rage and protest, holding rallies, seizing consulates, battling policemen and threatening mass suicides. At least three Kurds tried to self-immolate, including a 17-year-old girl in Germany, who was se-

Mr. Ocalan, who had been hiding in the Greek Embassy in Nairobi after he was forced to leave Italy last month, ended up in the custody of Turkish security forces on Monday.

[Greece blamed Kenya on Tuesday over Mr. Ocalan's arrest and recalled its ambassador in Nairobi, Reuters reported from Athens. The Greek foreign minister, Theidoros Pangalos, said Mr. Ocalan had made the mistake of trusting Kenyan authorities, who promised to take him to the Netherlands.]

Even as government officials in Athens and Nairobi nervously denied being the ones actually responsible for Mr. Ocalan's ending up in the hands of Turkish security forces, thousands of Mr. Ocalan's supporters in Europe angrily and violently demonstrated their disbelief and sense of betrayal.

The streets of Athens were quiet, perhaps because Greek policemen rounded up more than 350 Kurds preemptively and held them in an abandoned army camp. On Tuesday evening, under tight security, a rally of Greeks and Turks took place in Athens without incident. Europe had no such early warning. Countries which had sought to avoid getting drawn intothe dispute between Kurdish separatists and the Turkish government, fearing a backlash of violence in their countries, were engulfed by the

In Austria, Kurdish protesters took the Greek. ambassador and his wife hostage at their embassy in Vienna, while others set fire to the Kenyan Embassy there.

In the Netherlands, where Mr. Ocalan had reportedly hoped to go after leaving Kenya, about 150 Kurds stormed the Greek ambassador's residence in The Hague at around 5 A.M., and took three hostages, including the ambassador's wife and their 8-year-old son.

Riot policemen charged into a crowd of sympathizers who had gathered outside the residence, but were unable to force their way

into the building. The three hostages were still being held late Tuesday. In Bonn, Kurds who had taken two hostages at the Kenyan Embassy and another at the Greek Embassy ended their occupation of the

facilities Tuesday, police and witnesses said.

Meanwhile, the police stormed consulates in Stuttgart, Cologne and Leipzig to remove protesters, freeing one Leipzig consular employee

and two civilians. A Greens party member, Daniel Cohn-Bendit, said he had persuaded 49 Kurds occapying the Greek Consulate in Frankfurt to

give up their protest. "These attacks weren't really organized,"

said Mehmet Atac, a Kurd who protested at the Greek consulate in Frankfurt. "We heard news See PROTESTS, Page 6

Turks Pick Up Ocalan in Kenya

By Stephen Kinzer
New York Times Service

ISTANBUL - Abdullah Ocalan, leader of an army that has been fighting for a Kurdish homeland in southeastern Turkey for 14 years, was captured in Kenya and flown back to

Mr. Ocalan, whose war has cost the lives of some 30,000 rebels, soldiers and civilians, has for more than a decade been Turkey's most wanted fugitive. He is likely to be tried for treason and mass murder and could face ex-

It was uncertain what effect Mr. Ocalan's arrest would have on his guerrilla force, the Kurdish Workers Party, or on the civil conflict that has cost Turkey billions of dollars and severely damaged its image in the world. The conflict has come to dominate Turkish life and has been used to justify a host of measures ranging from limitations on freedom of expression to the burning of villages in combat

Turkish leaders gave no details of how Mr. Ocalan was captured, but officials within and close to the government said a team of Turkish commandos had snatched him away from Greek diplomats who had been sheltering him for two weeks in Kenya.

'He was being escorted to the airport in Nairobi," said an official close to the Turkish intelligence service. "His Greek escorts lost the car in traffic, and he never made the flight. Some special operations guys figured out where he was and intercepted him.

'Grabbing a car that's being watched by a couple of Greek diplomats is a piece of cake for special operations team in a country like Kenya," the official said. "Turkey has very good special operations people, state of the art. This is one of the biggest things they've ever

News of Mr. Ocalan's capture set off waves of violent protest in European capitals, where Kurds invaded Greek and Kenyan diplomatic missions to protest what they believed to be those countries' roles in turning him over to Turkey. But it became clear later Tuesday that in all probability, neither country had cooperated in the operation.

A Kurdish prisoner in a Turkish jail burned

himself to death to protest the capture, and military units in southeastern provinces were Mr. Ocalan's arrest was announced by Prime

Minister Bulent Ecevit at a news conference in Ankara. "The head of the separatist organization has been in Turkey since 3 o'clock this morning," Mr. Ecevit said, beaming and ap-parently struggling to control his emotions.
"He will account for his activities before the Turkish justice system."

In the eyes of some Turks, the capture of Mr. Ocalan may be Turkey's most spectacular success since it landed troops on Cyprus in 1974 in what it described as an effort to protect the Turkish minority there. Mr. Ecevit was prime minister then, too, and he could reap considerable political benefit from a new image as a two-time conqueror.

Turks will vote on April 18 in a national election. Mr. Ecevit, who has been in office for barely a month and had been seen as only an interim figure, suddenly seems in a much

Foreign ambassadors were summoned to the Turkish Foreign Ministry for an official brief-

See OCALAN, Page 6

Eight Banks Raided Topoday 6,4 P.M. In EC Probe of Fees 118,645 115,45 **On Money-Changing** 1.7459 5,8555 BRUSSELS - The European Commission raided eight

banks in Germany, France, Italy and Spain on Tuesday in an investigation into alleged collusion over fees for exchanging money in the 11-nation euro zone.

In the early morning raids, investigators visited Deutsche Bank AG and Dresdner Bank AG in Germany, Societe Generale SA and Credit Agricole in France, Banco Bilbao Vizcaya SA and Argentaria SA in Spain, and Banca Commerciale Italiana SpA and Banca Intesa SpA's Cariplo unit in

A European Union source said Commission officials also had visited the headquarters of the European Banking Federation in Brussels. "We hope we caught them by surprise," said the European

Union's antitrust commissioner, Karel Van Miert. "We will see what our fishing today reveals. We will see if we can build Mr. Van Miert told a monetary affairs subcommittee of the European Parliament on Tuesday that there was reason to suspect "concerted activity and agreements" among the

banks. He added: "Banks are trying to avoid competition.
Banks should compete in terms of the fees they charge." The commission, the European Union's executive body, warned last week that it would look into "excessive" charges. A six-country survey by Christa Randzio-Plath, the subcommittee's chairwoman, found that foreign-exchange charges ranged from 1 percent at Banco Santander SA in Spain to 3.75 percent at Commerchank AG of Germany. The European Union has been concerned about bank

See BANKS, Page 13

Italian Sailor Rescues French Racer

i Isabelle Autissier, a French com-petitor in a solo round-the-world race, was rescued unharmed Tuesday after her boat capsized in the South Pacific. She was rescued by a fellow competitor, Giovanni Soldini of Italy, 24 Monday. Page 18.

hours after sending a distress signal, the Chilean Navy said. Autissier, 42, was the overall lead-

er of the Around Alone race when her 60-foot yacht overturned in high seas

AGENDA

Decision Is Near Over Bosnian Town

VIENNA (AP) - The Muslim member of Bosnia's joint presidency urged arbitrators Tuesday to award the disputed town of Broko to the Muslim-Crost Federation, claiming that his country's fragile peace may otherwise collapse.

But aides to Alija Izetbegovic signaled that he would also accept neutral district status for the town, which has been an explosive issue for three years. Bosnian Serbs and the Muslim-Croat Federation both claim

in testimony to an international arbitration panel as a decision neared on the issue after nine days of hearings. The international officials, led by the U.S. diplomat Roberts Owen, have promised a final decision by mid-March on Brcko, the only territorial question left unresolved from the Bosnian war.

Mr. Izetbegovic's comments came



JOHN EHRLICHMAN DIES ---A key figure in the Nixon White House who went to jail over Watergate is dead at 73. Page 2.

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To Fight Recession, It's Back to School

Japan Paying to Retrain Workers

By Sandra Sugawara Washington Post Service

TOKYO - Harno Kishimoto, a wiry, animated 71-year-old business teacher, tackled the subject of cost accounting like a man on a mission. As he moved through the classroom, a sea of dark suits, laptops and distraught, middle-aged faces, his eyes flashed. His voice rose as it coaxed and chided.

"Think! Don't just repeat the formula," Mr. Kishimoto snapped as he stopped at Yoshiyuki Toshimisu's desk. He

prodded Mr. Toshimitsu until the 38-year-old student worked through the problem before him — a case study comparing the balance sheets of Toshiba Corp. and NEC Corp.

The class is part of a huge undertaking to retrain hundreds of thousands of Japanese quickly in the ways of modern business and push thousands of others in entrepreneurial ventures. With the economy mired in a recession that wide-spread public works programs have failed to end, the retraining and job-creation effort is Japan's latest ambitious attempt to engineer an economic revival.

What the government is not willing to do is trust the invisible hand of the free market to try to find jobs for Japanese workers.

Some economists say they worry that the latest effort is billions of dollars down the drain. They argue that Japan needs widespread deregulation and tax cuts to invigorate its economy and create lasting jobs. Such an approach would mean that numerous weak companies would crash. But it would also, in theory, allow capital, resources and talented personnel to flow to productive companies.

See JAPAN, Page 4

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Merald Eribune

A Must Read Complimentary Report A Professional's Guide to Currency Speculation and Risk Management This comprehensive report is mandatory reading for all investors. Complete with profitable, simple, fully disclosed trading Peter Catranis models, an 11 year track record and all Global Currency
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Culture Contributes to Crisis / Where AIDS Is Seen as a Bewitching

Ignorance Expands South African Epidemic

By Lynne Duke Washington Poor Service

IETVLEI, South Africa - Sex in South Africa is a game of "African roulette," some say. But Thenjiwe Dzanibe did not even know she was a player. Miss Dzanibe, 37, was admitted last month to the hospital in Rietvlei, where she was diagnosed with tuberculosis and tested for the virus that causes AIDS. It was then that she began to wonder whether AIDS had caused the tuberculosis that killed her husband in 1995.

Though her boyfriend refuses to be tested because he fears the results, she said, it occurs to her that maybe AIDS is what has caused him to lose weight and cough up blood. Miss Dzanibe conceived a child with him, and now the hahy is sick and has a fungal infection of the tongue. Could it be, she wonders, that 8-month-old Zinibini has developed AIDS, too?

The depth of her crisis sank in when she asked, during an interview: "Can I be cured of AIDS and these other diseases that are coming out?" No. she was told. Days later, her blood test confirmed that she has AIDS. "I have understood," she said sadly, but added: "The one thing I know for sure is I'll never tell the father of my child."

Miss Dzanibe is among the millions of South Africans caught in the web of ignorance, denial and misplaced cultural beliefs that fuels one of the most aggressive AIDS epidemics in Africa. More than 16 percent of the nearly 40 million

South Africans are infected with the human immunodeficiency virus that causes AIDS. By 2010, the national infection rate is projected to reach 25 percent, on a par with that of neighboring Zimbabwe and Botswana, confirming southern Africa as the center of the world AIDS epidemic.

The infection level among South Africans between the ages of 20 and 30 is already approaching 20 percent. New intections are being reported at a rate of 1,500 a day, two-thirds of them among 15- to 20-year-olds. Health experts say this means that the age group unce thought to be most receptive to AIDS awareness messages is already heavily infected. Although HIV is running rampant in South

Africa, too many people here do not understand or believe how deadly it is until it is too late. Women bear the brunt of the crisis, experts say, because of polygamy, male promiscuity and sexual mores that allow men to dictate norms of intercourse, including refusal to wear condoms, and to put women in danger if they raise too many questions.

Unlike Uganda, which is renowned for an aggressive AIDS-prevention campaign that has re-duced its high rate of HIV infection and made condoni use the rule, South Africa has been slow off the mark. Analysts say this is partly because the government has been bonibarded with an array of policy demands since the 1994 transition from white-minority rule to multiracial democracy.

Since late last year, the government has made AIDS prevention a high-profile priority, and President Nelson Mandela lent his voice to the crisis in his state of the nation address this month. But with AIDS-awareness and prevention measures only recently undertaken, people here have filled the information gap with myth and stigmatism.

'It's this ignorance that's so difficult to break through." said Nono Simelela, director of the government's HIV, AIDS and sexually transmitted

By David Stout

New York Times Service

man, who was President Richard Nix-

policy chief and went to prison for his

role in the Watergate scandals, died Sun-

day at his home in Atlanta. He was 73

and had been suffering from diabetes for

After serving 18 months in prison for

From the start of the Nixon presidency

When tive men were caught during a

June 17, 1972, the incident was first

WASHINGTON -- John Ehrlich-



Thenjine Dzanibe, with her sickly child. Zimbini. at the KıraZulu-Natal hospital where she learned that she is dving of AIDS.

disease programs, "We are dancing with death all

Many South Africans, for instance, believe that bewitchings are the cause of AIDS, or that racist whites have injected oranges and bananas with the disease or that tribal ancestors are displeased and are wreaking havoe on the living.

Some people believe only prostitutes get AIDS. Some men extol the virtues of fat women in the mistaken belief that only thin women can transmit AIDS, Some women believe AIDS can be gotten rid of by giving it hack to the source of the infection.

ERE AT THE Rietylei hospital in largely rural KwaZulu-Natal Province, where the percent HIV-infection rate is the highest in the nation, examples abound. Veronica Mngoma, 35, has been diagnosed with AIDS, but she has trouble accepting what it means, Deep down, she says, she suspects that she is sick because a vengeful co-worker poisoned her.

"In 1996, I was given a cake, hy a girl, and it had poison on it." she said. "This poison made me become sick. I got thin and thin and thin after that." A sangoma, or traditional healer, told her to drink four small buckets of a milky purgative brew. She

vomited, as prescribed. And got sicker. The social, economic and cultural effects of the epidemic are profound. Some analysts predict that sectors of the South African economy, like trucking and mining, are threatened with a loss of manpower. A survey in a gold-mining area near Johannesburg showed that 20 percent of mine workers were HTV-positive, as were 75 percent of the prostitutes who service them from a nearby township.

John Ehrlichman, 73, a Key Watergate Figure, Dies

top aides had begun an effort to cover up covert White House unit, known as "the

revealed that the burglars had links Hills, California.

resigned on Aug. 9, 1974, rather than face all-but-certain impeachment and re-

either to the White House or to the

m's pugnacious defender and domestic dent's own tape-recordings) would also a copy of a secret government study of

disclose that Mr. Nixon and some of his

White House involvement in the break-

in almost from the start. Mr. Nixon

Dozens of Nixon aides were impli-

cated in Watergate and related crimes,

some for relatively peripheral roles. The

most important case involved Mr. Ehr-

lichman and three other high-ranking

officials: Attorney General John Mitchell, who died in 1988; Mr. Nixon's chief of staff, H. R. Haldeman, who died

in 1993, and Robert Mardian, an as-

sistant attorney general. On Jan. 1, 1975, all were convicted of

conspiracy, obstruction of justice and per-

jury and were sentenced to two and a half

Mr. Ehrlichman's sentence was made

moval from office.

The investigations (and the presi-

Committee to Re-Elect the President.

tion to the White House. But it was soon fice of Dr. Lewis Fielding in Beverly noid president from onpleasant news

Dr. Fielding was a psychiatrist who

U.S. involvement in the Vietnam War. A

plumbers" and answerable to Mr. Ehr-

lichman, was assigned to find and plug

By the time Mr. Ehrlichman entered

rison in Stafford, Arizona, in the fall of

1976, he had already undergone a major

life change after his conviccion. He had

left his first wife, Jeanne, and their

Seattle home and moved to Santa Fe,

After his release, Mr. Ehrlichman re-

turned to New Mexico to resume his

writing career and to give occasional

lectures. He wrote four novels and a

memoir. "Witness to Power" (Simon &

Schuster, 1982), in which he reflected on

much," he wrote. "Richard Nixon prob-

"I don't miss Richard Nixon very

Detractors referred to Mr. Ehrlichman

his relationship with Mr. Nixon.

ably doesn't much miss me either.

where he began to write.

Projections indicate that South Africa will have more than 2 million orphans as a result of AIDS. In some areas of KwaZulu-Natal. health workers say, the generation between childreo and grandparents is already missing.

In a country that is 80 percent hlack, whites are

a small proportion of the AIDS epidemie, although they, too, are registering rapid increases. It is among blacks that AIDS is most severe, especially, but not exclusively, among poor, undereducated blacks who live in areas, like KwaZulu-Natal, that have suffered decades of social and political instability.

Another key factor in the epidemic is the migrant labor system. Rural men traditionally have found work in hig eities or in the gold mines around Johannesburg. It is common practice for such men to have wives or girlfriends in their home regions as well as in the urban areas where they work. To a lesser extent, women left behind by men also take on other sexual partners. Miss Dzanibe's late husband was a migrant worker, as is her current partner.

HIS IS A CULTURE in which male promiscuity has traditionally been ad-mired and female subservience expected. Men do not like to use condoms, and for a woman to ask for such protection means risking an argument or a beating over whether she has had sex with other partners.

"If you try to show him that I think using a condom, would be the best thing," Miss Dzanibe said, "he will say: 'Where did you learn these tricks? Have you been running around?"

Many AIDS-prevention messages are ill-suited to such a culture. "Most of the material says sick to one partner," said Alfred Mikosi, director of the United Nations AIDS program for South Africa. "Does this relate to a man who has got three wives?"

Women also bear the brunt of the deep stigma that has grown up around AIDS. They fear that their men will leave them, that their families will shun them, and that their neighbors will ridicule and ostraeize

them and call them prostitutes. Such fears are well-founded. A KwaZulu-Natal woman, Gugu Dlamini, who publiely acknowledged her HIV-positive status on World AIDS Day last year, was beaten to death for revealing something

that her community felt hrought it into disrepute.

The women at Rietvlei express fear of what wdl happen if their communities learn they have AIDS.

That would be bad for me because, according to the people's belief, we ridicule and laugh at people who have got AIDS," Miss Dzanibe said. "If it happens that they know, your heart can stand still. Especially the in-laws. To have AIDS among people, it's a disgrace.'

But the weight loss that typically accompanies the illness makes it impossible to hide. "The moment you become slim, they say you have got it," said Miss Magoma, whose weight had dropped to 36 kilograms (79 pounds) from 61 kilograms by the time she went to the hospital.

If their experiences have enlightened these women about AIDS, their attitudes do not reflect it. Miss Dzanibe said that perhaps the affliction, for her, is God's will. All she can do is try to continue normally as long as she has strength. She will maintain her relationship with her boyfriend, she said, because if she did not, "he will think I am bewitched."

and unpalatable choices.

has said publicly that he gave journalists the Watergate defendants, Mr. Ehrlich-

in the wind."

ican environment.

When L. Patrick Gray 3d, the aeting

man famously advised Mr. Nixon to

leave Mr. Gray "twisting slowly, slowly

by Theodore White in "The Making of the President 1972." Writing before the

Ehrlichman's "shop was one of the few

at the White House where ideas were

seriously entertained - good ideas, too,

on energy, on land-use policy, on ur-

banization, on preservation of the Amer-

Mr. Nixon eventually sacrificed Mr. Ehrliehman and Mr. Haldeman to the

cover-up campaign; they resigned at the

president's request on April 30, 1973.

After going to prison, Mr. Ehrlichman said be had brought his troubles on him-

self. "I abdicated my moral judgments

he said in 1977. "And if I had any advice

for my kids, it would be to never, ever

defer your moral judgments to anybody

— your parents, your wife, anyhody."

and turned them over to somebody else,"

But another perspective was offered

The Officer Who Led France's Last Charge

Jean Ballarin, Cavalry Leader, Dies at 84

By Robert McG. Thomas Jr. New York Times Service

Jean Ballarin, who on a day in 1941 drew his saber, spurred his horse and galloped headlong into French military history, died Feb. 3 in Paris. He was 84 and was recalled as the last man to have led a French cavalry charge.

As cavalry charges go, or went, the one Mr. Baliarin led Jan. 2, 1941, was not much to write home about. The two dozen Moroccan horsemen under his command simply happened to spot an Italian Army encampment at an Eritrean oasis at Umbrega.

Mr. Ballarin, then a 25-year-old noncommissioned French officer, ordered an impromptu attack, scattering the much larger enemy force before it could organize a defense.

There were few casualties on either side, and the skirmish was a minor flourish hardly worth more than a military footnote - even to Mr. Ballarin's own distinguished career.

He took part in fierce fighting at took part in the invasion of southern France and the eventual capture of Hitler's Bayarian mountain retreat.

Mr. Ballarin, a nauve of La Villedieu, joined the army at 18 and was eventually sent to French-controlled Syria, assured his place in the annals of French warfare the Nobel Prize in 1990. simply by continuing to fight a war the vast majority of his fellow soldiers had

abandoned months earlier.

In the days after the fall of France in June 1940, almost to a man the French military had sworn allegiance to the col-

laborationist Vichy regime.

Its leader, Field Marshal Henri Philippe Petain, commanded such respect that even French forces stationed abroad, beyond German reach, snhmitted to Vichy control.

The French forces in Syria had especially close ties to Viehy, hul when de Gaulle issued his famous call to arms for eriminals and political opponents, from London on June 18, 1940, Mr. and President Fidel Castro said broader Ballarin was among those who railied to his Free French eause.

Under the guise of holding training maneuvers, Captain Paul Jourdier, com-mander of the First Squadron of the First Regiment of the Spahis Light Cavalry, assembled his 80 or so men near the border with Lehanon and the British Palestine mandate. Then he gave them the choice of staying behind or following him across the border to join the British, as Mr. Ballario and some 60 others did. It was a small start to a mighty journey that would win glory for Mr. Ballarin

and the troops.

Within a month of the Umbrega charge, the First Squadron had exchanged tanks of Field Marshal Erwin Rommel of Germany and had begun an expansion that would eventually include three other squadrons, one of which was given the

honor of liberating Paris in 1944. For his service, Mr. Ballarin received the Cross of the Liberation, awarded to revolution," he said. those deemed to have made the most had been treating Daniel Ellsberg, who FBI director, was peripherally linked to significant contributions to the Free

French cause. Mr. Ballarin, who married de Gaulle's private secretary, Germaine-Marie Cedart, in Algiers in 1944, remained in the army until 1962, when he retired with the rank of lieutenant colonel. He then joined a Paris insurance com-

Watergate scandal, Mr. White said Mr. pany, where he worked until 1980. A World War II cavalry charge may seem quaint, but in a war in which the Germans used 600,000 horses in their invasion of Russia, it was not quite an anomaly. The Italians staged a cavalry

charge against the British in Eritrea later in January 1941. The last American cavalry charge did not come until a year later, on Jan. 16, 1942, when a polo-playing lieutenant, Edwin Price Ramsey, led his 26th Cavalry platoon against Japanese soldiers on

the Bataan Peninsula in the Philippines. Mr. Ballarin's charge, moreover, was not the last cavalry charge to involve French forces. Six months later, in an operation that underscored the signif-icance of his decision to hreak with President Bill Clinton.

WEATHER

Vichy and join the Free French forces in Africa, a British cavalry unit charged a Vichy French encampment in Syria.

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Salatin in C. - intransaction

The British did not stage their last charge of the war, hy the Gwalior Lancers in Burma, until 1944, and what is regarded as the last British cavalry charge did not come until 1953, when the North Frontier Tribal Police rode down a Mau Mau camp in Kenya. That would seem to have ended an era,

but in warfare it is hard to be certain. In 1997, British troopers in the King's Royal Hussars began using horses for operational patrols in Bosnia.

Henry Kendall, 72, Co-Winner Of 1990 Nobel Prize in Physics The Associated Press

WAKULLA SPRINGS. Florida — Henry Kendall, a winner of the 1990 Nohel Prize for physics, died Mondsy during an underwater photography dive, the police said.

Mr. Kendall, a professor at Massachusetts Institute of Technology, was working with a National Geographic magazine Alamein and elsewhere in North Africa, serving as the leader of de Gaulle's personal honor guard in Algiers, and he leads to the leader of the serving as the leader of the Gaulle's personal honor guard in Algiers, and he leads to the leads of the leads heart attack or encountered a problem in

the water and drowned.

Mr. Kendall, along with Jerome Friedman and Richard Taylor, worked near Poitiers in central France, who for years proving the existence of quarks, now thought to be the basic

Castro Defends Harsh New **Crime Penalties**

HAVANA - Cuha has unveiled legislation that includes harsh new penalties use of the death penalty was needed to save the island's socialist revolution.

The proposed legislation recommeods prison terms of up to 30 years for political opponents who "collaborate" with the U.S. government. It calls for life imprisonment or the death penalty for crimes such as drug trafficking.

The government unveiled the two new laws Monday at a meeting of the National Assembly. Some lawmakers expressed reserva-

tions about the broader use of capital punishment, which already exists in Cuba's penal code. But Mr. Castro defended the appli-

cation of the death penalty to crimes like its horses for armored vehicles and mo-hile guns, had joined the fight against the aged Cuha's image and played into the

emies want, because they want the death of our independence, our justice, of the

"That is why we have to save the nation as our absolute priority mission, Mr. Castro added.

In a clear reference to the United States, which maintains economic sanctions against Cuha, Mr. Castro added: 'Crime is part of imperialism's strategy against Cuba. It is an element of the enemy strategy to try to destroy the

The National Assembly was set to vote on the two pieces of legislation later

One hill was entitled "Law for the Protection of the National Independence and Economy of Cuba." It cited the need to increase penal defenses against what it said were continuing artempts by the U.S. government to damage Cuba's economy through sanctions and to sub-

ven its political system.

The bill specifically referred to the 1996 U.S. Helms-Burton law, which sharply tightened the long-standing U.S. economic embargo against Cuba. It also reaffirmed Cuba's rejection of embargo modifications recently announced by

five years imposed on him for his role in lin wall," because they were said to "third-rate burglary" with no connec- the September 1971 break-in at the of- shield the reclusive, occasionally para-

concurrent with a term of 20 months to and Mr. Haldeman together as "the Ber-

Four Days of Strikes to Plague Italy ROME (AP) — The government's resolve to erack down on

TRAVEL UPDATE

strikes that harm the public is contributing to labor unrest, with several unions, including ones that represent rail workers and air-traffic controllers, having calld strikes for this week. A 23-hour walkout by rail workers, starting at 6 P.M. on Wednesday, is expected to seriously disrupt train traffic.

Newspapers will not appear Thursday if printers carry out their threat of a one-day strike Wednesday. Electrical workers plan a daylong strike Friday. Flights to and from central Italy may be disrupted Saturday, when regional air-traffic controllers are scheduled to strike from

American Makes Nearly All Flights

DALLAS (AP) - Operations at American Airlines were nearly back to normal Tuesday, the airline said, after a 10-day protest by priots that grounded about 6,000 flights.

The airline had canceled 56 flights by the end of the morning. 23 of them because pilots had called in sick. Fewer than 800 of American's 9,400 pilots were listed as sick Monday, down from nearly 2,500 Thursday and Friday.

Guangzhou Opens Subway Line

SHANGHAI API — The city of Guangzhou opened its first uhway line Tuesday, state media said.

The line, 18.5 kilometers (11.5 miles) long with 16 stations, s designed to carry 1.13 million people a day, the Xinhua press agency said. Construction is under way on a second line.

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THE AMERICAS

Mexico Reinvigorates Clinton

Undistracted, He Confers With Zedillo on Drugs and Trade

By Peter Baker and Molly Moore

Washington Post Service MERIDA, Mexico - With his impeachment trial behind him, President Bill Clintoo has returned to the world stage free to focus on international challenges, such as drugs and trade, without the distractions of a domestic scandal that. has haunted him at every stop

around the globe for the last year.

Mr. Clinton met Monday with President Ernesto Zedillo of Mexico at a restored 19th-century hacienda near here to consult on border issues that have dominated U.S. relations with its southern neighbor, bringing with him \$4 billion in export financing and a carefully timed en-

Yet while the agenda was foreign. policy, the subtext was the renewal of Mr. Clinton's presidency. For the first time since bis relationship with tendon of invesogators in January 1998, Mr. Clinton left the country without being followed by the embarrassment of a political crisis that threatened to end his tenure. Aides said Mr. Clinton has been heartened

divisive chapter behind them.

last Friday.

photo opportunity. "But that's a decision that she'll have to make."

If the symbolism of the 30-hour visit bere helped show a reinvigorated president fully in command, in the Yncatan Peninsula, the only it also acrved Mr. Zedillo's interests, coming as his government faces photo opportunity, where Mr. Clin-heavy fire for not doing more to ton was asked if he felt vindicated. crack down on drug trafficking.

Mr. Clinton hinted broadly that he would recertify Mexico as a cooper- gress. ating partner in the drug war, touchdorsement of Mexico's efforts to a bruising fight in Congress, where what we have to do is to serve the stem the flow of illegal narcoocs.

a bruising fight in Congress, where what we have to do is to serve the many members believe Mexico has American people. And if we keep

been wildly ineffective. Both Mexican and American of- be fine.' ficials tried to play down the prox-imity of Mr. Clinton's Mexico visit must recommend to Congress whether Mexico is a reliable ally in combating drug trafficking. Privately, however, both sides conceded the symbolic importance. Mr. Clinton brought with him about two dozen by comments of legislators in recent members of Congress, who will be in days echoing bis desire to put the a position to help defend his recertification decision on Capitol Hill.

flames of speculation that his wife, on other subjects designed to in-Hillary Rodham Clinton, will run in crease air travel between the two 2000 to represent New York in the countries, cootrol the spread of same Senate that acquitted him on tuberculosis and contain violence at perjury and obstruction of justice the border. The United States also announced that it will provide \$4 "She would be terrific in the Sen-hillion in loans, loan guarantees and ate," Mr. Clinton aaid during a export credit insurance through the Export-Import Barik to belp Mexican agencies and companies huy-U.S. products and services.

Here in this former colonial city mention of impeachment came at a In replying, Mr. Clinton, repeated

his desire to cooperate with Con-'This is a time for reconciliation ing off what will almost certainly be and renewal," he said. "I think American people. And if we keep that in mind, I think everything will

Mr. Clinton has agreed to meetfirst time since his relationship with imity of Mr. Clinton's Mexico visit with the new House speaker, Dennis Monica Lewinsky attracted the at- to the March I deadline by which he Hastert, Republican of Illinois, after Congress returns to town next week. Secretary of State Madeleine Albright said the end of the trial would end U.S. embarrassment among foreign leaders, judging by those she spoke with during Kosovo peace talks in France before flying here to join Mr. Clinton.

Mr. Clinton and Mr. Zedillo have Happy to move on, the president The two presidents and their aides developed a particularly warm rapeven took the opportunity to fan the signed a raft of modest agreements port over the four years of the Ze-



Dangers in Federalizing Crimes Representative John Kasich, right, kicking off his presidential exploratory effort with discussions in Milford, New Hampshire. WASHINGTON — An American Bar Association panel led by former Attorney General Edwin Meese 3d has warned

crisis and defense of Mexico's antidrug efforts in the face of congressional opposition in years past.

Many of Mexico's recently created anti-drug law enforcement er he intended to "certify" Mexico agencies - including units trained and supported financially by the Mr. Clinton telegraphed his expected United States - have been tainted by corruption scandals.

But Mr. Clinton doggedly defended Mexico's ano-drug efforts. the two nations are "perhaps some"What we know in America comes times at odds with one another."

dillo administration, a relationship largely from Mexico's brave efforts helped by Mr. Clinton's relentless to get to the truth and air it," Mr. support, including an international Clinton told an audience of Mexican bailout plan after the 1994 peso officials, politicians and business crisis and defense of Mexico's anti-leaders. "Mexico should not be penalized for having the courage to confront its problems.'

Asked by reporters earlier whethas a partner in the war against drugs, approval: "The fundamental question is are we better off fighting it together or separately" even though

crimes that had been the purview of the states - like murder, drug possession and trafficking, rape and robbery — ran counter to the nation's historic reluctance to concentrate broad

powers in a national police force. "Enactment of each new federal crime bestows new federal investigative power on federal agencies, broadening their power to intrude into individual lives," the report said. Expansion of federal jurisdiction also creates the opportunity for greater collection and maintenance of data at the federal level in an era when various databases are computerized and linked."

POLITICAL NOTES

MILFORD, New Hampshire — Representative John Kasich is throwing himself into presidential politics, declaring himself the underestimated "Indiana Jones" of the 2000

cootest. "What you see is what you get," the Ohio Republican

told a handful of voters who came to see him on the Milford Town Oval. "If you're looking for something bigger and better, it ain't coming."

Mr. Kasich, best known as the House Budget Committee chairman, used Presidents' Day oo Monday as the official kickoff of his presidential exploratory committee, a step that

enables him to raise money and travel in preparation for an

eventual run for the Republican nomination.

Mr. Kasich sounded his call to return power to the people.

single American citizen while at the same time renewing and

rejuvensting the American spirit," he said. He advocates a 10 percent across-the-board tax cut, school vouchers and private

lawmakers against the "misguided, unnecessary and harmful" tendency of showing they are tough on criminals by turning more offenses into federal crimes.

In a report, the panel said that the penchant for federalizing

investment options for Social Security benefits.

The mission is to pursue the economic destiny of every

Kasich Starts Presidential Bid

The report, enouled "The Federalization of Criminal Law," said 40 percent of all federal criminal laws that had been enacted since the Civil War were passed since 1970. (NYT)

Joe Lockhart, the presidential spokesman, responding to questions about President Bill Clinton's fuzzy, but clearly not

accidental, comments about the possibility of Hillary Rodham

Clinton seeking a U.S. Senate seat: "The president was

particularly unclear on that subject today, and I have nothing

Republicans Trumpet Tax Cuts to Polish Image Away From Politics

By Thomas B. Edsall

WARREN, Michigan - In the heart of a Democratic Party stronghold that was swayed into the camp of President Ronald Reagan years ago, the Senate majority leader, Trent Lott of Mississippi, kicked off the first of 150 town hall meetings this year to change the image of the Republican Party from the "party of impeachment" and to focus attention on a tax-cutting,

pro-defense agenda. "The meeting here today is to show we are finished with that," Mr. Lott said Monday,

referring to impeachment. "We are moving on," he said at the close of Michigan, and John Engler, the Republican governor of Michigan. All three stressed their sunport for a 10 percent across-the-board tax cut, the

centerpiece of the Republican Party's agenda.

and the state of t

strength of the Reagan revolution - in recent the income of the affluent, has risen sharply. years has made a dramatic transition from dependence on heavy manufacturing to become a high-tech growth center. In the process, voters in this area of Macomb County have again become

willing to support Democratic candidates. Republicans are betting heavily on the tax issue to blunt widespread public distaste for impeachment, "In this era of budget surplus, Washiogtoo has a moral duty and fiscal responsibility to lower Americans' taxes," Mr.

Abraham said. He said that "federal taxes consume 21 perceot of national income, the highest proportion

since World War II." the session in the Ukrainian Center here, where at 20.7 percent of gross domestic product, fedhe was joined by Senator Speocer Abraham of eral taxes are higher in 1999 than in any year

Clintoo administration officials dispute Republican assertions that tax burdens are at hisforic highs. Using data from the Congressional Detroit that in 1980 and 1984 demonstrated the collections are high because income, particularly the county commission.

Journeys end but miles follow you home

An administration official cites both Treasury

and Budget Office studies to show the tax burden belt laws, with, for example, 65.1 peron individuals is at a record low: "According to cent buckling up around the Memorial the CBO, the effective federal tax rate of the 20 Day holiday last May, compared with percent of American families with middle in-comes fell from 19.2 percent in 1992 to 18.9 percent in 1999—that's the lowest tax rate since

Safety Administration said. (AP) data were first reported 20 years ago."

Republicans and Democrats are engaged in a • A wind-whipped fire destroyed a battle over who benefits most from an across- church in Lake Worth, Texas, killing the-board tax cut. Mr. Lott and Mr. Abraham three firefighters who were trapped said it is only fair to return the federal surplus to when the roof collapsed and injuring

Mr. Lott brought the case for the 10 percent they believed the blaze had been set. Mr. Abraham distributed tables showing that cut here in hopes of reviving Republican support amoog a key segment of the electorate: working-

In 1996 Mr. Clinton brought the county, etcd a San Francisco outlet of 24 Hour which had voted for Mr. Reagan, back into the Fitness, a health-club chain, to protest Democratic fold, as he hroke Republican holds a hillboard advertisement declaring on suhurban counties across the country. The that when space aliens encounter hu-Warren - a white, working-class suburb of Budget Office, the administration says total tax local Democratic Party has a 16-to-9 majority on mans, "they will eat the fat ones

Control of the second of the s

• The percentage of Americans wearing seat belts rose in 1998 as police stepped up enforcement of seat-

taxpayers in proportion to the taxes each paid. three others. Investigators said that

Quote/Unquote

to say to clear it up.'

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For a Day, Vietnamese Rest (and Fret About Year's First Visitor)

By David Lamb Les Angeles Times Service

HANOI - On Monday night, in miloff the dirt of past misfortune, and held etnamese both here and abroad feel a bility, not the rehashing of past battles. send-off ceremonies for the kitchen gods spiritual obligation to be at home with who ascend to heaven to give their antheir families. It is virtually the only time nual report to the Jade Emperor on the all year that the Vietnamese stop workmoral conduct of household members.

And when Vietnam awoke Tuesday, the land seemed to have been abandoned. City streets were deserted. Every offensive, not a holiday. shop was closed. No farmers or water buffalo worked the rice paddies.

To find this industrious, bustling country so suddenly quiet is an odd experience, considering that shopkeep-ers routinely work 14 to 16 hours a day, seven days a week, and that farmers

JAKARTA — The International com-

munity should step in and help East

former Portuguese colony gains inde-

pendence from Indonesia, a senior pres-

said the job of disarming East Timor's

rival factions and maintaining law and

order should be borne by the interna-

tional community. With its morale currently at a low ebb, Indonesia's 500,000-

strong military could not be relied on to do the job because it is not regarded as

Speaking in Jakarta on the second day

of the Asian-German Editors Forum,

Miss Anwar, touted as a future foreign

minister, said if a wide-ranging auton-

omy package for East Timor proved

unacceptable, then Indonesia's 27th

province should be cut lose. Miss Anwar

rejected an option of several years of

autonomy for the province before a vote

the situation, the more difficult it will be

to resolve," she said. "The most im-

portant thing at the moment is to ensure

Violence is on the rise in East Timor

between various armed factions support-

Talks brokered by the United Nations

ing either independence or integration

'I tend to believe the longer we leave

among the East

between Indonesia and Portugal to dis- supremacy.

Dewi Fortuna Anwar, international

idential adviser said Tuesday.

neutral, she said.

disarmament

with Indonesia.

Jakarta Aide Says East Timor

Will Need Democracy Monitors

Timor's transition to democracy if the East Timor should be given indepen-

affairs adviser to President B. 1. Habibie, in the disintegration of Indonesia by

the Chinese Lunar New Year, heralding the start of spring, when heaven and ing long enough to enjoy the fruits of

never take a day off.

To many Americans, Tet is a military

And indeed, last year, on the 30th anniversary of Communist attacks on cities in what was then South Vietnam, even the government-controlled media did a considerable amount of remin-

iscing about the event. This year, there has been not a word, as

cuss a wide-ranging autonomy offer for East Timor. But Mr. Habibie said last

week that if this is unacceptable then

dence without delay, a prospect that

Miss Anwar rejected claims that in

dependence for East Timor would result

causing repercussions to other provinces

where separatist movements are active.

notably Aceh in northern Sumatra and

"The problem of East Timor is due to its very different history," she said, not-ing Dutch colonization of the other

provinces had belped forge a common identity in creating modern Indonesia.

Amien Rais, chairman of the National

party supported two to three years of

autonomy for East Timor before offer-

ing a referendum on self-determination.

"Immediate independence is not a very

job as Indonesia's next foreign minister

He had earlier offered Miss Anwar the

Regarding recent law and order prob-

lems across the archipelago, Miss An-

war hinted that rogue intelligence agents

loyal to Suharto, the disgraced former

president, were responsible for stirring

up recent religious and ethnic violence.

forces, she said they should not be iso-

Asked about reforming the armed

could happen within one year.

western Irian Jaya.

wise solution," he said.

if his party won the elections.

But Tuesday was the start of Tet, or sciousness of the 77 million Vietnamese, half of whom were born after the Amer- to shoulder with Tet shoppers - whose friends and enjoy special foods. icans fled Saigon in 1975. The Com- spending is monitored by the government took their last baths of the year, to wash most joyful happening, a time when Vi-economic development and political sta-

> According to government statistics, more than 100,000 overseas Vietnamese - or one of every 20 Vietnamese who live abroad, primarily in the United States, Australia and France - have free-market economy, such items are returned home for Ter. In addition, the commonplace, and gifts this year are government says, overseas Vietnamese more likely to be wine, imported candy have sent \$12 million to their families or peach and kumquat trees — the local here for the holiday.

For days leading up in Tet, it was all but impossible to find a seat on any flight to Hanoi or Ho Chi Minh City, as Saigon is now known. The three-times-a-day

same way Christmas sales are closely watched in the United States.

more than a decade ago, a cake of soap or But now, with Vietnam moving into a equivalent of Christmas trees - which shoppers have brought home strapped on their bicycles and motor scooters.

For the Vietnamese, Tet is Christmas

the war continues to fade from the con- packed that railroad authorities had to add is a time to pay homage to deceased extra carriages. And streets were shoulder ancestors, gather quietly with family and

Every household waits nervously on lions of homes across Vietnam, families earth are in harmony. It is the country's munist government's priority today is to gauge consumer confidence, in the Tet to see who its first visitor of the new year will be. If it's someone who has known misfortune in the old year -In the dark economic days of little such as losing a job, suffering a death in the family, or ill health — the hosts a jar of shampoo was a precious Tet gift. believe they can be cursed with bad luck throughout the year. Some families are so superstitious that they arrange their "first-footing" visitor far in advance.

The Vietnamese say the stars are properly aligned to make this, the Year of the Cat, a period of prosperity and good fortune. (The Chinese recognize this as the Year of the Rabbit.) It may be no coincidence that 1975, when the war ended and New Year's wrapped into one. and Vietnam's first era of peace in 150

Spratly Structures Done, Manila Says

MANILA — Defense Secretary Orlando Mercado said Tuesday that China had completed its enlargement of structures on a Spratly Islands reef claimed by both Manila

BRIEFLY

and Beijing.
Mr. Mercado said recent surveillance photos taken by the Philippine military showed that the completed structures on Mischief Reef in the South China Sea include a threestory concrete building that Beijing says will be used by Chinese fishermen but Manila says could have military uses. Other facilities include a wharf, a permanent platform for helicopters, gun placements, an-tennas and radar, he said. (AP)

Defection in India

NEW DELHI - A party with four members in Parliament said Tuesday that it would withdraw support from the 11-month-old government, put-ting it on the brink of collapse, United News of India reported.

Om Prakash Chautala of the Indian National Lok Dal party aunounced the move after a meeting with Prime Minister Atal Bihari Vajpayee. He said the government had refused to roll back price increases on subsidized basics.

Mr. Vajpayee's Bharatiya Janata Party and 18 allies won a confidence measure with 274 votes last March. If all members are present and voting, a government would need 272 votes to stay in power.

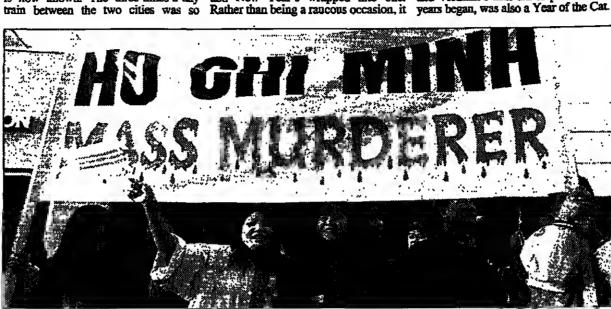
Quake Aftermath

KABUL — Thousands of Afghans are living without shelter in extreme cold and are in need of immediate international help after the earthquake last week south of Kabul, government officials said Tuesday.

The officials said health authorities of the Taleban militia had found that 30 percent of children in Wardak Province were without shelter and suffering from pneumonia. (Reuters)

For the Record

The former finance chief of the doomsday cult Aum Shinrikyo, Hisako Ishii, was sentenced to three years and eight mooths in prison Tuesday for aiding other cult mem-bers after their 1995 nerve gas attack on the Tokyo subways. (AP)



Vietnamese youths holding banners and flags outside Troung Van Tran's video shop in Westminster, California

California Battle Over Ho Chi Minh Heats Up Mandate Party, a front-runner in the elections taking place June 7, said his

By Don Terry

WESTMINSTER, California — In an increasingly tense standoff here between the First Amendment and memories of war, hundreds of Vietnamese immigrants have blocked the entrance of a video store where the owner wants to re-hang a poster of Ho Chi Minh.

Dozens of police officers in riot gear formed a wall on Monday as protesters, saying they would rather die than allow the poster to go up, shouted "Democracy!" and "Freedom!" Fearing that the demonstration might turn violent, the police persuaded the shop owner, Troung Van Tran. 37, to stay away on Monday. But Mr. Tran's wife, Kim, said in a telephone interview that "we're going to do it another

lated from democratic reforms that poster of the former president of North Vietnam and a his rights wisely," a speaker bellowed on a public address Vietnamese flag was affirmed by an Orange County Spperior system, "so he doesn't deserve to have any rights at all!" are currently being held in New York aimed for gradual but total "civilian

Court judge, who last month ordered the items taken down,

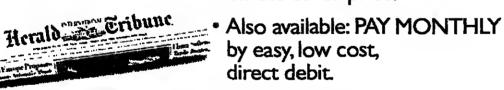
Mr. Tran, who came to the United States from Vietnam in 1980, put up the poster and the flag on Jan. 12. He says the move was intended to generate dialogue and bealing among Vietnamese bere. But as word of the poster spread, hundreds of his former countrymen rallied in front of his store denanding that the picture be taken down.

As many as 600 demonstrators began gathering at the store before 9 A.M. on Monday. Mr. Tran had said he would reopen his shop at 10 A.M., but be never showed up. A police lieutenant, Bill Lewis, said authorities were negotiating with the protesters and with Mr. Tran about how to proceed. "The bottom line," Lieutenant Lewis said, "is that we have to maintain the peace and Mr. Tran's First Amendment rights."

Several protesters said that they cherished freedom of speech, Last week, Mr. Tran's First Amendment right to hang the but that Mr. Tran was abusing it. "He doesn't know how to use

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JAPAN: Government Spends to Send Workers Back to School

Continued from Page 1

short supply, such as workers certified as promising they would not fail. computer technicians, accountants and to care for the elderly.

Muneaki Ueda, executive vice presand temporary employment agency, said added that be was skeptical that the government program would address the needs of employers because it has been drawn up by bureaucrats with no busi-

Other critics question how much a six-month or one-year training course can teach employees, considering that discouraged labor mobility, as each professional and technical courses of company spends years training its emstudy in the United States and Europe often last for two or three years. But Yoshinobu Udagawa, general manager at Murata Educational Institute, a respected accounting school, said the programs would allow those with rudimentary accounting knowledge to gain the specialized skills in demand.

Mr. Kishimoto's students - a few women and more than two dozen men, mainly in their 40s and 50s - take six classes a day, five days a week at the government-run school, called Ability
Garden. They are studying product management and spreadsheets and learning to analyze profits and cash flow.

Thus at the end of last year, Hiroshi as commuting money and hunch and other expenses.

the types of employees and services in the government stood behind the banks.

Now that old business world is fading away. Thus Mr. Toshimitsu, who lost his job at a restaurant chain last year, hopes ident of Pasona Inc., a job-placement the skills he is learning will be needed. "I think there are many small and midsize certain jobs are indeed hard to fill, but he companies that don't know bow to do this kind of financial analysis," he said.
"I think I could use these skills there."

In Japan, midlife career switches are not common, and the network of professional schools is small. More important, the traditional Japanese employment system of lifetime job security has ployees in its culture. Few companies hire midcareer employees.

in the past, government job programs focused mainly on subsidizing the wages of employees at struggling companies, to prevent layoffs. The government still plans to spend \$535 million in the fiscal year beginning April 1 on such payments. But Labor Ministry officials who continuely used to programs to the programs of the program of the pr ficials who rontinely visit companies say that, even with government belp, it is getting harder for companies to maintain

Such skills were less vital in the old classes by April to train 12,000 Tokyo Japanese business world, where large residents. Since then, be has been ne-Labor Ministry officials defend their companies supported small ones, banks gotiating with 124 professional schools efforts, saying they have a detailed list of stood behind longtime customers and to set up classes in a variety of subjects, including accounting, computing, marketing and advanced manufacturing techniques. The effort is being made across Japan, with the goal of training 61,000 Japanese, who will be able to go to school for free and collect unemployment benefits for up to six months.

At the same time, the Labor Ministry has organized a media blitz to promote a new program aimed at creating thousands of entrepreneurs, fast. The government will pay half the salaries, up to a limit of \$29,000 per employee per year, for a maximum of six employees at start-up companies in any industry.

Meanwhile, anyone who has worked full-time for at least five years can gn back to school, and the government will pay up to 80 percent of tuition for one year in one of 3,400 approved courses. Other programs focus on belping those over 45. Their higher salaries

make them more likely to be targeted for layoffs and less likely to be offered new jobs, Mr. Oyama said. There is no ban on age discrimination in Japan. An internship program pays compa-

nies to take on unemployed people over the age of 45 for up to six months. Each rintern continues to receive unemployment levels.

Thus at the end of last year, Hiroshi ment benefits during that period as well as commuting money and \$5 a day for

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EUROPE

Russia, Using Its Influence on Serbs, Plays a Key Role at Kosovo Talks

By Jane Perlez New York Times Service

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sides in the Kosovo conflict are being cussed with Belgrade." compelled to accept has begun to emerge, with Russia playing a key role in working to persuade the Serbs to allow NATO-led peacekeepers to take up positions on their territory.

President Jacques Chirac of France province of Serbia said Monday that Russia, historically an ally of the Serbs as fellow Slavs, had agreed that a ground force in Kosovo was the best solution to stop the bloodshed in the ethnic Albanians' battle for independence, and that Russian soldiers would likely be part of the peacekeeping

The Russians accept it, and I'm convinced they would participate in it,"

President Chirac said. Also Monday, Foreign Minister Igor

Ivanov of Russia visited the chatean said here, southwest of Paris, where the Serbian and ethnic Albanian delegations RAMBOUILLET, France — The have been sequestered, and be said later broad shape of a peace deal that the two that military intervention would be "dis-

> He was referring to Slobodan Milosevic, the authoritarian president of Yugoslavia. Serbia is the dominant of the two republics remaining in the Yugoslav federation, and Kosovo is a

The Russians, who have never before been so helpful to the West on the long-running problem of dealing with Mr. Milosevic, pledged their help last month on resolving the Kosovo issue when Secretary of State Madeleine Albright visited Moscow.

In the next few days, as the Saturday deadline for the talks approaches, the Russians have promised persuade Mr. Milosevic of the necessity of accepting the troops, a senior European diplomat

"The Russians are working on the Yugoslavs and were asking for a little more time," the diplomat said. "The Belgrade leadership needs to put some spin on this, but seems more or less

Acquiescence to the presence of troops on Yugoslav soll is part of a hasic tradeoff for the two sides that goes as follows, two European diplomats close to the talks said:

The ethnic Albanians must drop their demand for a referendum on the status of Kosovo at the end of the three-year interim period established by the plan. At the same time, the Serbs most

agree to a NATO-led peacekeeping force, a proposition that they have vehemently opposed on the grounds that it would represent an infringement on Ser-

'It's 'yes' to NATO for the Serbs and 'no' to a referendum for the Albanians,"

one of the diplomats said. "All the rest is Albright said shout an interim accord, the settlement reportedly will say nothconversation.

The suspense for the next few days will be seeing how President Milosevic decides to maneuver and whether the ethnic Albanian delegation, which has shown unexpected unity, will accept the disappointment of not being promised a referendum on independence.

■ U.S. Envoy Flies to Belgrade

Charles Truehart of The Washington

Post reported from Paris:
The chief U.S. negotiator for Kosovo,
Christopher Hill, left the peace talks for Belgrade on Tuesday to give President Slobodan Milosevic the international community's latest warning to sign a peace agreement or risk military pun-

The intransigence of the Serbian negotiators has become the widely pre-dicted central stumbling block, a "deal breaker," Secretary of State Madeleine

which mediators insist must be signed by noon on Saturday.

President Milosevic and the delegation he sent to Rambouillet have refused to consider any foreign troop in Kosovo Province, where ethnic Albanian separatists have been waging a year-old

armed struggle for independence.
Secretary of State Albright spoke by telephone with President Milosevic on Tuesday morning, a senior U.S. official said, and the Yngoslav leader agreed to receive Mr. Hill, who will be accompanied by diplomats from Britain and France, the host countries for the peace

Mr. Hill, who is the ambassador to Macedonia, will brief Mr. Milosevic on what the United States regards as the ethnic Albanian delegation's likely ac-

ceptance of the draft interim accord.
"We're in spitting distance of a 'yes," the official said — even though

The Kosovar Albanians' prior accept-

'It ensures that those who have doubts about the use of air power against

Failure to come to a deal because of Serbian intransigence on this issue will result in NATO air strikes on Yugoslav military targets, U.S. and European officials have warned over and over

Westerners in Pristina, capital of

Ulster Rivals Back Plans For Shared Government

But Disarmament Dispute Still Threatens Peace

By James F. Clarity New York Times Service

BELFAST — The Northern Ireland Assembly approved sweeping changes in the political structure of this predominantly Protestant British province on Tuesday. The changes are designed to give the Roman Catholic minority more power and to end the sectarian violence cluding security and taxation, and a that has killed more than 3,200 people in the last 30 years.

The approval, by a vote of 77 to 29, and after two days of acrimonious debate at the Assembly in the Stormont area of Belfast, was hailed by mainstream Protestant and Catholic leaders as an historic move toward permanent peace.

The changes would also give the overwhelmingly Catholic Irish Republic Dublin. But the peace agreement stipmore influence in northern affairs and pave the way for the restoration of bome sovereignty here without the consent of rule powers to the Assembly by the British government in London, Britain Protestant well into the new century. has ruled here directly since 1974, with local councils controlling only burials and garbage removal.

But the final enactment of the changes was still threatened by the bitter dispute over the disarmament of the Irisb Republican Army, which has observed a cease-fire for 19 months, but refuses to surrender a single bullet or a pound of Semtex from its arsenal, estimated ut 100 tons of weapons and explosives.

London, scheduled to begin next month.

Without Sinn Fein's representing the IRA in the new structures, the changes, designed to bring the Republican movement into a peaceful political process, would be futile and could lead to a resumption of paramilitary violence by the IRA and by smaller, but efficient, Protestant guerrilla groups. Some of the Protestant groups have

threatened to make attacks in the Irish Republic if the peace effort fails.

The president of Sinn Fein, Gerry Adams, notes, accurately, that the peace agreement approved last year does not require disarmament before May 2000 and that the sustained cease-fire reflects the IRA's support of the peace effort.

Mr. Trimble says that this is not

enough, that the Protestant majority needs assurance in the form of arms surrender. Some mainstream Catholic leaders are straddling the issue, affirming the need for disarmament now, but acknowledging that it is not actually required by the peace agreement approved by leaders last spring and over-whelmingly confirmed in June in referendums in the North and the Irish

Officials say that Mr. Trimble and Mr. Adams will have to blink soon, approving a solution to the disarmament dispute that both can describe as a victory. One possibility, they say, is a statement by the head of the disarmament commis-

sion, General John de Chastelain, the former chief of staff of the Canadian Army. But no one has proposed exactly what General de Chastelain could say to finesse the problem and end the growing sense of crisis in the peace effort. Under Tuesday's vote, Northern Ire-

land is to have 10 government departments to deal with most matters, ex-North-South Ministerial Council of six units comprising officials from the North and from the Irisb Republic supposed to cooperate in areas like the economy, tourism and agriculture. Protestant hard-liners, like the Rev-

erend Ian Paisley, see this cooperation as an abominable prologue to a united Ireland, free of British control, run from ulates that there will be no end to British the majority, which is likely to remain



REMEMBRANCE - A Sarajevo resident clearing snow from grave of his sister, who died in siege of city.

GI's in Kosovo? Critics Fear That It's a Dark Alley

By Serge Schmemann New York Times Service

Assembly, David Trimble, insists that Clinton's proposal to send U.S. troops to discussion about what we are trying to until disarmament actually begins, the Kosovo beartened promoters of a more do.' IRA's political wing, Sinn Fein, will not active American role in preventing ethbe allowed to participate in the new ex- nic carnage, it also aroused fears that the ecntive cabinet being prepared to accept administration is marching into an an- took a similar stance. He said he would the return of home rule powers from cient swamp without a clear idea of how not to get mired in it. In his announcement during the week-

end. Mr. Clinton said that about 4,000 soldiers would be sent to the Serbian province of Kosovo only if the warring ethnic Albanians and Serbs there agreed and only as part of a 28,000-strong NATO peacekeeping force.

He argued that it was in the United

States' national interest to resolve a conflict that could lead to "tremendous loss of life and a massive refugee crisis in the middle of Europe.

There was little debate among for-eign-policy experts and politicians that stopping bloodshed was a worthy objective in itself and that the struggle in Kosovo, an enclave bordering on Albania and Macedonia with a predominant population of ethnic Albanians, had the potential to escalate into something far larger and more threatening.

The doubts focused on whether Kosovo really touched on American national interests and whether the administration really knew what it was getting into or how to get out of a region notorious for its instability and complexity. More broadly, critics charged that Washington was plunging into the morass of the Balkans without a concrete idea of its role as the world's sole su-

"I'm very tom about it," said Henry Kissinger, the former secretary of state.

support sending forces to Kosovo because of the threat of a broader conflict, but "with great reluctance." "We have no exit strategy," he said.

ANALYSIS simation." This was so, he added, even though the president has been aware of the Kosovo

crisis for a long time. Senator Daniel Patrick Moynihan, tions.
Democrat of New York, agreed on the "W dangers, and on the need to prevent the conflict from spreading. "The Balkans is a place you can go and you can get lost and never be seen again or beard from

again," he said. Barnett Rubin, who has followed the crisis as director of the program on preventive action at the Council on Foreign Relations, argued that the very instability of the region made it a national intunities. It took us four years to get our terest, as the United States has long act together in Bosnia, and when we considered its security linked to European security.

The conflict in Kosovo, apart from any humanitarian aspect, has the threat of spreading in that region," he said. "It could draw in Greece, then Turkey. This is the southeastern flank of NATO, which involves relations with Russia, Germany and other things important to us. So even though there's no immediate threat, this doesn't mean it doesn't involve our interests."

One of those interests, argue Amer-"At this point I will support it, but we ican officials and others who support fied, but leadership is necessary."

can't do this. We can't get involved in Mr. Clinton's decision, is the intangible For those prepared to see the United every ethnic conflict as a police force damage to North Atlantic Treaty Or- States assume a policing role in the without sooner or later getting over- ganization credibility if the alliance al- world, one troubling question is how to continue unrestrained in Europe. The costs of idleness in the face of atrocity U.S. forces to go to the Balkans, but not Among congressional critics, Senator could well outweigh the risks of in-John McCain, Republican of Arizona, tervention, they say.

interest because of all the talk of Amer- crisis, that there are limits to what the ican and NATO credibility," said Richard Haass, director of foreign-policy studies at the Brookings Institution.

NEWS "We have no concept of Among those who welcomed Mr. Clinton's decision, the notion that the latest Balkan flare-up could spread only underscored the fact that America had to be prepared to quell ethnic brush fires early, before they became conflagra-

"With the end of the Cold War. America still has strategic interests in Europe," said Richard Holbrooke, the representative-designate to the United Nations, who was instrumental in negotiating the peace agreement in Bosnia.
"When people boast that we're the only remaining superpower, they have to recognize that this fact implies obligations and responsibilities as well as opporfinally did, belatedly and reluctantly, it was decisive.

"The dilemma for the United States now is that we face a choice in places like Kosovo between a relatively early involvement, by which to prevent worse tragedy, or a more costly involvement later, after tragedies even greater than those we've already seen. Americans are understandably reinctant to do this, and it is incumbent on the administration to make the case to Congress and the American public. Skepticism is justi-

get invo Why, for example, is it reasonable for to far bloodier places like Rwanda. The predominant response is that

"To some extent we've created an Americans simply cannot go to every public will accept and that different crises pose different degrees of danger. "It's a question I have struggled with

for a long time," said Lawrence Eagle-burger, a former secretary of state. "Geographically, Rwanda and Burundi are much harder to deal with, and to put it hluntly, in contrast with Kosovo, they are a distinctly different level of threat. Kosovo is not only in Europe, hut could engage other members of NATO, Greece and Turkey."

"Having said that," he added, "it's hard to ignore that tens and hundreds of thousands of people are getting killed' in ethnic conflicts around the world.

Mr. Haass, who worked on the National Security Council for the Bush administration, said the United States has to assess crises one at a time. It bas to "ask about stakes, but also whether we can devise an intervention that can accomplish some good at a cost that doesn't outrun the stakes." In Kosovo, he said, "arguably we can."

Yet more broadly, he said the United States has to accept that its history and power vest it not only with strategic responsibilities, but also with moral obligations. "Part of what makes a great power great is its willingness to put itself on the line even when vital interests are not involved," he said.

"In some ways this is about trying to promote our vision of order. It's something we choose to do, not have to do."

ing about the province's dream of independence or even of future mechanisms to vote on it.

ance of the deal is important to the final confrontation with Mr. Milosevic, the source said, because it would place blame for an impasse squarely nn one

Yugoslavia will not have any arguments," a Western diplomat said.

Kosovo Province, were reported to be packing for possible evacuation in the

BRIEFLY

Miners Again Move Toward Bucharest

PETROSANI, Romania day after he was sentenced to 18 years in prison for a deadly 1991 protest, Miron Cozma, a leader of Romania's coal miners, led his followers on a renewed defiant march Tuesday loward the capital.

The miners were cheered as their buses passed through villages along the route, arriving in the city of Targu Jiu, about 240 kilometers (150 miles) northwest of Bucharest, They gathered in a central square and chanted "Cozma! Cozma!" as security troops stood by.

Three thousand coal miners massed earlier in a village about 20 kilometers south of this western city, seeking to prevent the arrival of Interior Ministry troops to arrest Mr. Cozma.

Most of the coal mines in the western Jiu Valley were closed Tnesday, with miners refusing to work to protest Mr. Cozma's sentence. The Industry Ministry called the protest illegal.

After Snow Deaths, Fire at Ski Resort

GRENOBLE, France - Fire tore through the center of the French alpine town of Chamonix on Tuesday, destroying a community hall a week after a buge avalanche killed 12 people near the popular ski and

The fire broke out around 11 P.M. Monday and burned for most of the night as firefighters were hampered by the narrow streets and confined spaces of the old town, the police

Four firefighters were slightly injured and about 50 people had to be moved out of their homes when the fire spread to buildings around the community center. Last Wednesday, an avalanche

swept into 17 chalets and killed 12 people near Chamonix, in the Moni Blanc region.

Annan Gives Libya Assurances on Trial

UNITED NATIONS, New York The UN secretary-general, Kofi Annan, in his contacts with Libya over the Lockerbie trial, has promised that the prosecutors would not try to undermine the Libyan government, diplomats said Tuesday.

Any trial in the Netherlands of the

two Libyans accused in the 1988 bombing of a Pan Am Flight 103 over the Scottish village of Lockerbie would be a criminal one to determine guilt or innocence, not a political pros-

Libya said over the weekend that it was willing to hand over the two alleged agents for trial before a Scottish court sitting in the Netherlands. But diplomats said Tripoli wanted political assurances.

GERMANY: Firms Pledge to Give to Fund documents showing bow bank man-

Continued from Page 1

Historians say that as many as 800,000 Poles, Czechs, Russians and Ukrainians were subjugated by the Nazis and forced to perform backbreaking tasks in inhumane conditions to sustain camps and factories during the war. While lump-sum payments were made to Poland and other East European countries, victims living under Communist rule rarely saw

As the first German leader with no direct personal experience in the war, Mr. Schroeder says he wants his country to enter the new millennium having paid off its outstanding debts to history. He has dispatched his chief troubleshooter, Bodo Hombach, to the United States and Israel seeking to broker a solution on the slave-labor question with the help of those governments and lawyers representing up the fund, only started pushing the the claimants.

But the biggest factor that may have broken the impasse has been a new willingness by German companies to confront the past and settle accounts left over from the Holocaust. As in politics, a new generation of German business managers is striving to clear up Naziera injustices that their parents and grandparents failed to resolve.

Many German companies have hired independent experts to sift through wartime contribute 10 the fund. He said that as many as archives to explore what must be the darkest chapter in their company history. Only two claims to compensation. weeks ago, Deutsche Bank historians released

agers were fully aware that loans they disbursed helped finance the construction of the Auschwitz concentration camp. The motives of German compa-

nies, however, are also being driven by powerful economic considerations. Many of them feared that unless some kind of compensation fund was established, they could face the kind of international business boycott that threatened Switzerland's two largest banks un-til they reached a \$1.25 billion settlement signed just last month.

In the case of Deutsche Bank, Chairman Rolf-Ernst Breuer, who idea when be realized that a proposed \$10 billion purchase of Bankers Trust in the United States could be derailed unless some kind of deal was achieved. But Michael Witti, a lawyer in

Mutich who represents some of the slavelabor claimants, said there were dozens of other firms that profiled from the Nazi forced labor regime and have a moral obligation to one million people may have legitimate legal In their joint declaration, the German firms anniversary of the invasion of Poland.



Krupp's chairman, Gerhard Cromme, left; Deutsche Bank's chairman, Rolf-Ernst Breuer, center, and Chancellor Gerhard Schroeder at a press conference on Tuesday in Bonn.

recognized that many of the victims were reaching the end of their lives and vowed to expedite assistance to them in a manner that is fair, cooperative, unbureaucratic and above and DaimlerChrysler; the chemical and pharall fast." The German government, which maceutical companies Bayer, Hoechst and will supervise the fund, wants the first pay-

The companies include some of the higgest names in German banking and industry. They include the automakers Volkswagen, BMW BASF; Deutsche and Dresdner banks; the inments to be approved by Sept. 1, the 60th dustrial firms Degussa-Huels, Krupp and Siemens, and the insurance company Allianz.

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CONRAD NTERNATIONAL

The Mounties Got Their Man, but Did They Go Too Far?

By Steven Pearlstein Vashington Post Service

EDMONTON, Alberta — When a bomb exploded last October at a gas well just west of the tiny Alberta town of Beaverlodge, few doubted that it was simply the latest attack by a small band of "ecoterrorists" who had been waging a guerrilla war

against the oil and gas industry.

Alberta's premier, Ralph Klein, vowed to punish the saboteurs to the "fullest extent of the law," while the target of the blast, Alberta Energy Co. Ltd., announced it was doubling the \$50,000 reward offered for help in finding the perpetrators.

Ranchers and oil field workers flocked to a series of community meetings to bear from an anti-terrorism expert from Toronto.

There was talk that people might have to take matters into their own hands if the police did not do something to stop the man widely believed to be the ringleader of the insurrection, a 56-year-old organic farmer and Calvinist preacher named Wiebo Lud-

But at a bail hearing for Mr. Ludwig two weeks ago, prosecutors acknowledged that it was not Mr. Ludwig who had detonated the bomb at Beaverlodge, but the Royal Canadian Mounted Police working secretly with Alberta Energy.

According to the Mounties' documents, it was all

whose testimony and tape-recorded conversations to pick up an illegal million-dollar payoff, eventually led to Mr. Ludwig's arrest in January on But in the town of Hythe, where Mr. Ludwig to pick up an illegal million-dollar payoff. nine counts of conspiracy to destroy property and violate explosives laws.

toonists had a field day at the expense of the Mounties' bomb squad. Opposition politicians here and in Ottawa demanded investigations.

"If you blow up a sour gas line, you will kill a lot of people," said Hythe's mayor, Frank Webb, referring to the strain of natural one found the Mounties. Since then, Canadian newspapers have lined up to and in Ottawa demanded investigations.

And most legal experts have agreed with an Edmonton lawyer, Gwilym Davies, a former law professor, that the Mounties had "gone over the line" in fighting crime with crime

'This isn't Waco, Texas," said Mr. Ludwig's lawyer, Richard Secord. "It's Canada! We don't do things like that up here."

For the Mounties, this was the latest in a series of

controversies that have damaged their reputation. For more than a year, a special panel has been trying to determine whether the Mounties abused the rights of student protesters at a summit of Pacific Rim leaders in Vancouver in 1997 on orders from Prime Minister Jean Chretien

After months of resistance, the federal government agreed Monday to pay the legal costs of the protesters during the official inquiry into the con-

Here in Edmonton, a judge recently threw out murder charges against a man the Mounties had part of a ruse designed to insimuate a police in-formant into Mr. Ludwig's band — a neighbor killing in front of him, then sending him to Toronto

But in the town of Hythe, where Mr. Ludwig lives and where concerns about civil liberties take a back seat to concerns about safety, residents have lined

ferring to the strain of natural gas found here that can be fatal if inhaled even in small doses. "That's not eco-terrorism — that's just plain terrorism. We had to do something to put a stop to it.'

to do something to put a stop to st.

Ever since a gas leak forced evacuation of his 320-acre (130-hectare) Trickle Creek "community" in 1991, Mr. Ludwig has blamed the industry for and fight.

In the following months, three more bombs went to the following months all within several hundred. buman health problems.

At first, his protests were confined to admin-istrative appeals filed with government regulators who routinely proclaimed, along with industry officials, that there was no scientific evidence linking oil-patch activities to problems with animal or human health. But beginning in 1996, Mr. Ludwig began issuing warnings of possible violence if the industry did not change its ways.

Small acts of sabotage against the industry began that same year. The regional Mounties comm messaged superiors that a serious situation was developing. More than a year later, bullets were fired through the manager's office at the Alberta

Energy Co. plant in Hythe. Eventually, the Mounties would assign as many

as 100 investigators to the case.

By the time of the Beaverlodge bombing, the police had logged nearly 160 incidents, including three gas-line bombings and the encasement of three

wellheads in concrete.
In July 1998, Alberta Energy offered to pay Mr.
Ludwig \$525,000 for his land — 50 percent above market value. He was prepared to accept the deal until he read the fine print, which required him never to return within 500 miles (800 kilometers) of Trickle Creek and never to talk publicly about the buyout or

off at oil and gas wells, all within several hundred miles of Hythe.

Last week, the Mounties said that their plotting had reflected the urgency they felt to put Mr. Ludwig behind bars. Phone taps, round-the-clock ground and airborne surveillance and a complete search of Trickle Creek had failed to turn up the necessary evidence. In January, Mr. Ludwig and an associate, Richard

Boonstra, were arrested on charges that appeared to be based almost exclusively on taped conversations with the informant, Robert Wraight, who now is believed to be living in British Columbia under the

Mounties' witness-protection program.

Mr. Ludwig and Mr. Boonstra are being held without bail, pending a preliminary hearing in May.



cher who engaged in a standoff with oil industry and the police.

Saudis See Iraqi Threat As a Sign of Desperation

Saddam's Warning Stirs Speculation on Sanity

Compiled by Our Staff From Distratches

RIYADH - A Saudi newspaper said Tuesday that Baghdad's threats against President Saddam Hussein was desperate and "has lost his mind."

Iraq has warned that it is prepared to "Saddam is doing strange things, like attack air bases in Saudi Arabia, Kuwait someone who has lost all hope," the and Turkey that are being used by U.S. newspaper added.

and Peirich warplanes patrolling no- The White House, meanwhile,

BRIEFLY

Series of Explosions Rocks Úzbek Capital

TASHKENT, Uzbekistan — A string of powerful blasts rocked the Uzbek capital on Tuesday, killing 14 people and wounding 128, in what President Islam Karimov said was an attempt on A spokesman for the Emergency Situ-

ations Ministry, updating the death toll, said that five car bombs had exploded shortly after 11 A.M. A sixth blast was Mr. Karimov, 61, immediately went

on state television to denounce the perpetrators, who he said were trying to

i ne president had been due to lead a cabinet session in the government building when two car bombs went off just 100 meters away on the central Mustakillik Square. There was no immediate claim of responsibility. (AFP)

Artillery Duels Erupt South of Eritrea Port

ADDIS ABABA, Ethiopia -Ethiopian and Eritrean gunners ex-changed 'heavy artillery fire' on Tuesday on the eastern front, about 70 kilometers (40 miles) south of Eritrea's strategic Red Sea port of Assab, the Ethiopian spokeswoman, Salome Tadesse, said.

In Assab, an Eritrean Army officer said earlier that three Ethiopian fighter-bombers had unsuccessfully attacked a water reservoir that supplies the port city. If confirmed, the raid would be a further breach of a moratorium on air strikes agreed last June. Fighting between the sides resumed this month after a seven-month lull.

Voters Select Leaders For Nunavut Territory

IQALUIT, Northwest Territories -Decades of dreams and hard-nosed negotiations came close to realization Monday as voters in Canada's eastern Arctic chose the first government of Nunavut, a new territory to be created on April 1.

About 80 percent of Nunavut's 25,000 people are Inuit, and the new government is expected to be the first in met with Mr. Aziz on Monday, before Canada — except for tribal councils — the threat was issued, had rebuffed de-

The new territory will be the first change to the map of Canada since the entry of Newfoundland in 1949. (AP)

More Aid Proposed For Central America

WASHINGTON — The Clinton administration is asking Congress for an in the remergency aid package of \$956 million south. for Central America's rehabilitation and reconstruction from last fall's devas-

tating Hurricane Mitch. The money, which White House officials characterized as a package as- Kurds from the Iraqi government," Aziz sembled with Republican consultation said. "Then how can an Iraqi deputy and certain to be approved, would sup. prime minister travel so easily? plement \$300 million already provided

for immediate disaster relief. The package was to be officially announced later Tuesday. President Bill Clinton is scheduled to travel to Honduras, Nicaragua, Guatemala and El Sal-vador next month. (AP) the issue to Mr. Aziz. (AP, AFP, NYT)

carried ont the threats against its neigh-hors, the punishment would be speedy and severe.

with a swift response," said the presidential spokesman, Joe Lockhart.

The Iraqi vice president, Taha Yassin Ramadan, sparked the reaction after annoming that Baghdad was capable of striking allied air bases in the region.

The response was the second U.S. warning in as many days amid the almost daily skirmishes in the zones between allied planes and Iraqi air defenses since

four-day joint air action by Britain and the United States against Iraqi military targets in December. Even before the Monday warnings, Turkey considered the threat from Iraq serious enough that it asked the United

Iraq considers the no-flight zones to be violations of its sovereignty, but it has of Europe headquarters in Strasbourg. never challenged them in such a sus-

ated the zones to protect Iraqi ethnic in Europe to desist. Some did. groups — Kurds and Shiite Muslims pecially from the air.

forces began to confront the U.S. and have resulted in the destruction of several Iraqi anti-aircraft missile sites and other targets with no loss of allied air-

killing Iraqis, are destroying Iraqi property and this is not acceptable. Mr. Aziz said. "A Turkish air base should not be used by the Americans and British

over the northern zone in Iraq.

from Turkish officials.
U.S. fighter planes based at Incirlik have struck almost daily at Iraqi defense

sites after being targeted while on patrol. the attacks.

Prime Minister Bulent Ecevit, who

the no-flight zones. President Suleyman Demirel did not meet with Mr. Aziz, a gesture that had clearly angered the Iraqi deputy prime minister. "It is the golden rule when a high level official is visiting that he

The no-flight zones were set up after the 1991 Gulf War to protect the Kurds

through the Iraqi Kurdish areas, questioned the validity of the zones. "They claim they are protecting the

He also rejected allegations that Baghdad was providing camps to Turk-isb Kurdish rebels fighting for antonomy

warned Iraq anew Tuesday that if it

"Any contemplation of that act would be a grave mistake and would be met

The United States also has Patriots defending bases in Knwait and Saudi

tained way before.

After the raids in December, Iraqi

to burt Iraqis."
Vice President Ramadan said Iraq
would attack the Incirlik air base in southern Turkey if Ankara continued to let U.S. and Britisb jets use it to patrol

should be received by the head of state," Mr. Aziz said.

in the north and the Shiite Muslims in the

Mr. Aziz, who traveled to Turkey

in southeast Turkey.

'There is nothing one can say about Saddam's latest statements except that Saudi Arabia and Kuwait indicated that he bas lost his mind," the governmentguided Al Riyadh daily said in an editorial.

allied planes and Iraqi air defenses since

States to send a battery of Patriot airdefense missiles to Incirlik, which the Department of Defense agreed to do in

The United States and its allies cre-

facing military attacks by Baghdad, es- the Greek Embassy midday Tuesday and British jets patrolling the no-flight zones than three hours, threatening to immolin a series of one-sided exchanges that are themselves and their hostages sur-

In Ankara, the deputy prime minister of Iraq, Tareq Aziz, defended his gov-ernment's threats.

"The U.S. and British planes are

There was no reaction to the threats

Iraq has reported a number of deaths in

controlled by an aboriginal people.

A total of 71 candidates competed for 19 seats in the legislature of Nunavut.

mands for Turkey to withdraw permission for the air base and asked Baghdad to put and end to "provocative acts" in

minister's post on the same day, was Prime Minister Ecevit said Monday unchallenged for the top spot. Shimon Peres, the former Labor



Operation Desert Fox, the intensive Police in Stockholm using a dog against Kurdish protesters Tuesday after they occupied the Greek consulate.

PROTESTS: Kurds Go On Rampage in Europe, Attacking Embassies in Major Cities

Continued from Page 1

reports that Ocalan had been arrested, and

talking to another and to another." There were also less violent, but equally fervent marches by chanting demonstrators outside United Nations buildings and at the gates of the Council

By late Tuesday morning, a spokes-man for the Kurdish Parliament in exile issued a statement asking demonstrators

Protesters in Moscow walked ont of surrendered to Russian policemen. Fourteen men and two women who occupied the Kenyan Embassy in Paris for more rendered quietly to the Paris police. And by Tuesday evening, French policemen had liberated all occupied consulates and embassies. But in other places, many others said they would not give up.
"We will stay here until we get some

support from the PKK." Policemen ringed that embassy after

an estimated 50 Kurdish protesters broke into the building at around 2:30 A.M. and beld a custodian hostage. Outside, as many as 600 demonstrators, held back by steel barricades, fought briefly with the police, who used

dogs and riot sticks to quell the violence. One Kurdish woman set herself on fire and was badly injured before a police officer could douse the flames with a fire Another of the Kurds inside the embassy, who gave his name as Ofter, told

inside are ready to burn themselves or throw themselves out of the windows if the police try to break in. We will stay here for as long as it takes."
Germany, which had refused to issue

Israeli Labor Party Picks 'Doves' for Campaign

leader and a Nobel Peace Prize lan-

Mr. Peres, succeeded by Mr. Net-

vors the creation of an independent

low-income people, won the most votes in the Monday of the nearly

170,000 registered Labor Party mem-

Ranked third on the unofficial list of of a would-be Palestinian state.

reporters by telephone: "We are com-pletely committed. We will do anything

we are made to leave. The protesters

answers from the Greek authorities," an extradition order for Mr. Ocalan last severe burns, one of the Kurds occupying the Greek November because government officials Chancellor Embassy in London told a British radio feared that would provoke the kind of sought on Tuesday to distance Germany we all started calling each other to see station. "We are not representing any-violence that sprung up Tuesday, was from the Ocalan affair. "This is a matter what we should do. It was one person one but I can tell you that we have not spared. More than 400,000 Kurds which only affects the countries in-

Liepzig to Stuttgart. various consulates peacefully. Policemen in Frankfurt used riot sticks and water cannon to subdue Kurds who were turning over cars. From 100 to 200 demonstrators were arrested after clashes with

the police on Tuesday morning, and hundreds more were arrested in Stuttgart.

Policemen had cordoned off the street, surrounded the Greek Consulate Policemen had cordoned off the street, surrounded the Greek Consulate Policemen had cordoned off the street, surrounded the Greek Consulate Policement of the street, surrounded the street, surrounde with trucks, video cameras and even a Greek Consulate in Milan and holding few water cannon. But they also allowed six people hostage, including the consulmore than 100 Kurdish demonstrators to the Italian government implored Turkey remain in front of the occupied building to give Mr. Ocalan a fair trial. Italy had

Chancellor Gerhard Schroeder again live in Germany, including 10,000 in volved," be said. "Those that extradited Frankfurt Policemen and demonstrators him and Turkey. The German governbattled in nine different cities, from ment is not dealing with this matter."

For months, Mr. Ocalan had appealed Otto Schily, the German interior min- to European countries for political ister, pleaded with the Kurds to leave the asylum or an international trial that would allow him to avoid being deported to Turkey, where he could face the death penalty. Under intense pressure from Turkey, Syria, Russia and, finally, Italy expelled him. Mr. Ocalan was unable to find harbor elsewhere in Europe and

and sing protest songs.

In the state of Baden-Wuerttemberg, a

17-year-old Kurdish girl set herself on

Italy from extraditing prisoners to coun-

fire and was taken to the hospital with tries that use capital punishment. OCALAN: Turkey Seizes Kurdish Leader

Continued from Page 1

ing after Mr. Ocalan's capture was announced. They were told that Ankara intended to use his trial to show its

respect for legal formalities. "They know they're going to be un-der scrutiny, and they want to do their utmost to be scrupplously fair," said an ambassador who attended the briefing. People around Ecevit are going even further. They see this as a way to break the stalemate on burnan rights altogether, to push through reforms that the system has been resisting."

Several European leaders encouraged

their Turkish counterparts to seize this opportunity to improve their image and cotts of Italian goods to the burning of make substantial improvements in their buman rights practices. "We expect the trial to respect all the

Dutch police battling Tuesday with Kurds near the residence of the Greek ambassador in The Hague. The Kurds seized three hostages.

JERUSALEM — The opposition reate, was unchallenged for the party's lowed by Yossi Beilin, an architect of Israel's groundbreaking 1993 deal with the Palestinians. The two vowed that Labor-led peace

120 names, Mr. Ben-Ami was fol-

moves would win world recognition scheduled on May 17, and they vowed Palestinian state by negotiated agree- for Jerusalem as Israel's capital Mr. Neranyahu asserted that the Unofficial results showed Shlomo Labor candidates were old-timers and Ben-Ami, a Moroccan-born liberal so far outside the Israeli mainstream with roots in both academia and among that they would easily "surrender" to the creation of a Palestinian state by Yasser Arafat, the chairman of the Palestinian Authority, and concede parts

of East Jerusalem to serve as the capital

ieve that if Turkey behaves in accordance with European standards, that will help it get closer to the European Un-

Mr. Ocalan lived semi-clandestinely Syria from about 1980 until October. Turkish military commanders made a series of statements threatening to attack Syria if it did not expel him, and in late October he fled. He turned up first in Russia and then in Italy. Turkish leaders demanded his extradition, but Italy refused on the grounds

that its constitution forbids sending sus-

pects to countries where the death penalty is in force. Furious Turks launched

Italian flags. In January, Mr. Ocalan was reported to have left Italy, and his whereabouts until Tuesday were uncertain. He spent several days this month flying around Western Europe seeking a haven, but

found none. After that episode, he disappeared

According to information provided Tuesday by Foreign Minister Bonaya Godana of Kenya, he landed secretly in Nairobi and was sheltered by Greek dip-

U.S. Denies Involvement

The White House said Tuesday that it was "very pleased" by the capture of Mr. Ocalan but denied any direct U.S. involvement in his handover to Turkey,

Reuters reported from Washington.
"We're obviously very pleased with
the apprehension of this terrorist leader," the White House spokesman, Joe Lockhart, said. "We have consistently urged all govermments to help bring this person to justice consistent with international

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Texas Trial Opens On Racist Killing

JASPER, Texas -- Physical evidence from the crime scene, racist tattoos and detailed written plans for a new hate group will link John William King to the gruesome drag-ging death of a black man last year, prosecutors told jurors Tuesday.
"Evidence will show Bill King

had to do something dramatic in order to gain attention in their warped world," the district attor-ney, Guy James Gray, said in his opening statement in Mr. King's trial in the death of James Byrd Jr. Mr. Gray described Mr. King as a young man full of hate. Tattoos on his body, he said, "will reflect and

tell you the deep-scated anger and hatred that this man has." Mr. Gray

said the tattoos include Nazi and Ku

Klux Klan symbols, and a tattoo of a

black man hanging from a tree. A lighter, Mr. King's DNA found on a cigarette and less than a drop of the victim's blood on Mr. King's shoes all tie the 24-year-old unem-ployed laborer to woods and a county road where Mr. Byrd was beaten last June 7, then chained to the back of a pickup truck and dragged for 3 miles (5 kilometers).

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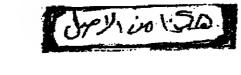
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Labor Party, eager to take over from second spot.

rightist government, has chosen dovish anyahu as prime minister in 1996, fa-

Prime Minister Benjamin Netanyahn's

candidates for parliamentary elections

on Tuesday that they would break - if

elected - a deadlock in peace ne-

former army chief who will challenge

Mr. Netanyahu in a race for the prime

gotiations with the Palestinians. The Labor leader, Ehud Barak, a



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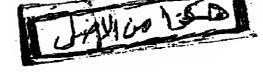
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Why to Act in Kosovo

It is a fair question, now that President Bill Clinton has announced his peacekeeping plan, if agreement is reached in this mainly ethnic-Albanian, independence-minded province of Serbia: Why should the United States be taking on even a lesser share of the costs and uncertainties of a second Balkan intervention in Kosovo? After all, the first Balkan intervention, in Bosnia, brought not a bright and clean success hut a long slog with an unsure and still distant conclusion. Why burden NATO with another Balkan rescue mission? Why not leave Kosovo to the Europeans? Who is not painfully aware that Mr. Clinton, coming off his impeachment passage, has scant political capacity for asking the nation to take on such a mission at this time?

Nonetheless, it is the right thing to do if the United States is going to maintain the leadership role that global stability requires.

The American part in Kosovo need not be disproportionately large. Indeed, it should not be, and, according to the plans announced over the weekend, will not be. But the American part must be of dimensions suitable to sig-nify the importance of halting the vi-

olence in Kosovo before it gets out of hand: there still is time. Further, the American part must be of dimensions to rally others in Europe as well as Russia to take the larger part.

It is enough to recall the Serbian slaughter at Racak last month to understand that to allow violence to expand uncbecked in Kosovo would be an offense against conscience as well as against strategy. It is true that America cannot prevent every tragedy everywhere from happening, but a tragedy in Kosovo plainly falls into a geographical and political zone in which American interests cannot be denied.

In Rambouillet, France, where negodations are continuing, the Kosovo side accepts the Contact Group's plans for broad autonomy, while the Serhian side digs in. The Serbs face allied military action if they are held responsible for a diplomatic shortfall, while the Kosovars face a loss of Western support. If the talks produce agreement, a better future is possible. If they do not, the realistic forecast is for another descent into Balkan hell. The deadline that the Contact Group has set for wrapping up the talks is Saturday.

- THE WASHINGTON POST.

Revamp Venezuela?

Just seven years ago, Lieutenant Colonel Hugo Chavez went to prison for an acempted coup in which he nearly assassinated the president of Venezuela, the oldest democracy in South America. The other day, pardoned and recycled as a first-time politician, the 44-year-old former paratrooper beat out a onetime Miss Universe and took office as president of a country sinking into ever deeper distress. The leading question asked about him now is whether he will fulfill his vaguely leftist campaign promises and destabilize the economy, or renege and destabilize his political base.

President Chavez promptly set out to organize a series of referendums to move from the 1961 constitution, which lended to fence out leftists, to a new constitution with a broader base. His plans ignited alarms of power-grabbing, but the traditional parties appear inclined to let him show what he can do in circumstances where they themselves had faltered. Still, it is disconcerting that he offers no persuasive rationale

for far-reaching constitutional reform. Despite its ranking as Latin America's fourth-largest economy, Venezuela has been devastated by the decline in prices of its key export and life force, oil. Its double-digit inflation rate is rising, its hudget deficit is a huge 9 percent of domestic product, and its poverty rate is put as high as 80 percent.

Mr. Chávez's economic plan emphasizes the collection of large sums of unpaid taxes and the revision of the tax code. Both of these projects would iostle arrangements long in place. The raising of rates for revenue can only cut across the lowering of rates for investment. Austerity, including essential cuts in public sector jobs, will touch first his supporters on the left and in the unions.

What sort of restructuring does Venezuela actually need? Some close observers think it needs something simpler and more basic: clean government, less waste and corruption, responsible politicians.

-THE WASHINGTON POST.

Calendar Puzzles

George Washington, whose accomplishments Americans celebrated oo Mooday, came into the world oo either Feb. 11 or Feb. 22, depending oo wbo is counting. He was born at a time when Britain and its colonies did oot agree with the rest of Europe about

By the 18th century, the British empire was practically the only part of the Western world that was still using the ancient Julian calendar, which was about 11 minutes out of sync with the actual solar year. Pope Gregory XIII had fixed the problem in the 16th century, by directing that everyone simply skip from Oci. 4, 1582, to Oct. 15 in order to get the sun and the calendar

back in harmony.

The Protestant English resisted the idea of a papal system of timekeeping until Washington's era, when they could no longer ignore that spring was showing up much earlier in the wheat fields than on the calendar. Britain and us colonies fell in line, leaping from Sept. 2, 1752, to Sept. 14 and adopting the Gregorian calendar.

Some people were outraged at the idea of being cheated out of 11 days' rent, and there were reports of disturbances by rioters. Benjamin Frank-

lin, ever the optimist, suggested that Americans should instead luxuriate in the opportunity to "lie down in Peace on the second of this month and not ...

awake till the morning of the 14th.' Anniversaries got fast-forwarded as well. Young Washington went to bed with a hirthday on Feb. 11 and woke up with one on Feb. 22. To make matters more confusing, the new calendar called on Britons to move the first of the year from March 25 to Jan. 1, so Washington could never again be sure whether he had been born in 1732 or 1731.

Never one to be moved by fads, Washington continued celebrating his hirthday on Feh. 11. But when be retired from office, his countrymen started observing Feh. 22 in his bonor the day that would have been his hirthday if Britain had been quicker to listen to a good idea from a Pope.

It was a tradition that continued until 1971, when Congress, heeding the pleas of the travel industry, decreed that the nation would remember both Washington and Ahraham Lincoln on the third Monday of February, a day that has little 10 do with history hut a great deal to do with three-day va-

cations and used-car Sellathons. -THE NEW YORK TIMES

Other Comment

Fighting Bioterrorism

Last Christmas, fire officials responding to a report that deadly anthrax spores had been planted in a Pam Desert, California, department store herded shoppers into a parking lot, ordered them to remove their clothes and then hosed them down with a hleach solution. For the 200 shoppers, it was humiliating and frightening. The threat turned out to be a hoax, as were a dozen anthrax scares since then in California.

In hindsight, it is easy to accuse officials of going overboard. But what if the shoppers actually had been ex-

posed manthrax? Clearly, efficient procedures for detecting potentially deadly pathogens and for dealing with po-

tential victims need to be developed. While it is unclear that terrorists have the skills to actually use hiological weapons to cause mass destruction, the Clinton administration is right 10 propose that Congress set aside money to thwart such a possibility.

Bioterrorists will one day pose a genuine peril. Potential targets, from cides to companies, must become much more sophisticated in fighting them and

in separating threats from real danger. - Los Angeles Times.

Herald Cribune

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Russia, the Big Albania, Is a Menace to Everyone

WASHINGTON — I ran into the Russian reform party leader Grigori Yavlinsky in Europe two weeks ago and asked him a simple question. When America wakes up from its impeachment nightmare, what kind of Russia will we find?

He thought about that for a moment and said: "You will find a Russia that is even more of a threat to you than the Soviet Union. Frankly, it's more of a threat to its own people. That is what I care about. But it is also more of a threat to you." Mr. Yavlinsky's point is a hit of an overstatement, but not much.

Russia today is a threat because of its weakness, not its strength. It is like a supertanker with a busted bull leaking rancid crude oil all over the place. It is selling weapons to anyone with cash: its most Dr. Strangelove-like scientists are putting themselves out to the highest hidders; it cannot afford to properly maintain and safeguard its nuclear arsenals.

So what to do? Well, all the unreconstructed Cold Warriors around Washington are dying to declare that Russia's experiment with democratization is over and America should go back to treating it like the Soviet Union. There are so many people who miss the Cold War, with its absolute-goodBy Thomas L. Friedman

vs.-evil quality; they hunger for a return of the Politburo.

Frankly, I wish Russia were the Soviet Unioo again; at least you knew how to deal with it. But it is not and pretending that it is only fosters the illnsioo that you can just sit back, huild an iron curtain around it and contain Russia's weakness as you once contained its strength. Good luck. Try cootaining a Russian technical college selling nuclear know-how to Iran out of

a Mafia-ran Moscow. Russia is not the Soviet Union. It is just a big Albania - an experiment in democracy gooe wrong, spewing oot criminality, weapons and unemployment in all directons.

The United States cannot afford to ignare this Russia, and it cannot effectively contain it. In such a messy situation, Washington needs to strip policy down to basics, and that means focusing on two things: eliminating Russia's "deadheads and warheads." Russia needs to just start over, and

U.S. policy, to the extent that it can, needs to help Moscow do just that. Russia is slated to hold new parliamentary elections in December. The

who live by the old Leninist motto that the worse things are for Russia, the better they will be for Communists. If

we have learned anything from the past four years, it is that as long as the Duma is dominated by Communists it will be impossible for any Russian president to put in place the basic institutions to build a real foundation of reform. Russia needs many things, but noth-

ing is possible without a different Duma. The potential votes are there. As the Russian-American scholar

Leon Aron, author of the forthcoming biography "Boris Yeltsin: A Revo-lutionary Life;" points out, in the 1996 presidential election Mr. Yeltsin beat the Communist Party leader, Gennadi Zyuganov, by a margin of roughly 4 to l among Russian voters under age 25. The Communists dominated the over-60 crowd. The demographics in Russia

are on the side of reform.

The West right now should focus on organizing forgiveness and a restruc-turing of Russia's debts, to take the pressure off the government of Prime Minister Yevgeni Primakov so that it can run a credible hudget that may begin to draw back some private investment, stop the hleeding and

Parliament, or Duma, today is still provide a reasonably stable environ-dominated by Communist deadheads ment for the December Duma elections. This is the only hope for electing fewer deadheads and more reformers. On the strategic front, President Bill

Clinton should go to Moscow immediately and vow that he will not leave until he has worked out an arrangement for implementing the START-2 and proposed START-3 nuclear treaties. Forget about a hig ABM and mis-sile-defense deal right now. It's too complicated.

Russia is ready in reduce from 7,500 nuclear warheads to 1,500, as part of the START process. Let's do that now, and tell the Russians that the United States will pay for it all. That is 6,000 warheads which might not end up in Iraq or on the market.

I do not know whether today's Russia is an infant American Revolution struggling up from communism, or a declining Weimar Republic on a slippery slope in fascism. I do know that America cannot afford to just watch, and can make itself safer hy focusing on deadhead and warhead elimination. If Mr. Clinton is looking for a national security legacy, and not just a

Social Security one, he should catch the next plane to Moscow.

The New York Times.

Look What a Fraction of This Arms Money Could Do

By Oscar Arias

WASHINGTON — President Bill Clinton has chosen in begin the new year by advocating the largest increase in military spending since the Reagan era, a proposed addition of \$110 hillion over the next six years. For Americans and for members of the international community alike, this decision is truly lamentable.

Instead of offering world leadership on arms control, renewed focus on military buildup promises to replicate both flawed security reasoning and outdated spending priorities.

Those who believe that a bigger defense budget is an effective response to post-Cold War security challenges ignore the fact that the United States and its allies already spend more than twice as much as all of their conceivable adversaries combined. Yet this production and distribution of weapons have made for a more dangerous world.

International terrorism and population would enjoy basic nuclear proliferation, in particular, are not problems that can be solved simply by a show of American military strength.

World leaders must stop viewing militarisoc investment as a measure of nacional wellbeing. And they must emhrace multilateral efforts that recog-nize the complex and policcized nature of contemporary security questions.

By maintaining a massive military-industrial complex, the United States sends the wrong signal to other countries whose national budgets desperately need to be directed toward human needs. The sad fact is that half the world's governments invest more in defense than in health programs,

If we channeled just \$40 hillion each year away from armies and into anti-poverty programs, in 10 years all of the world's

social services - education, health care and nutrition, potable water and sanitation. Another \$40 billion each year over 10 years would provide each person on this planet with an income level above the poverty line for his or her country.

The United States has been notoriously hesitant to participate in initiatives to establish a cooperative framework for global security. Congress has yet to ratify major agreements on chemical and hinlogical weapons, on the use of land mines, on onclear testing and on international courts that could bold war criminals responsible for their actions,

Perhaps most significant, the United States, which is responsible for 43 percent of all arms exports, has been unwilling to strengthen humanitarian restraints oo these transfers. And in the past four years 85 percent of weapons deliveries have gone to nondemocratic governments in the developing world. This proliferation of arma-

ments bolsters the power of militaries, impedes the process of democratization, destroys economic advances, perpeniates ethnic and territorial conflicts, and creates situations in which basic homan rights are at risk.

In pursuing true solutions to its security concerns, the United States urgently needs to work with its international partners to limit the availability and spread of deadly weaponry. An important step in this

direction would be to show full support for the International Code of Conduct on Arms Transfers, an initiative spoosored by a commission of 17 Nobel Peace laureates. By insisting that arms-importing nations uphold internationally recognized standards of democracy and bumanitarian law, the

code would end the pracoce of selling weapons to dictators and human rights ahusers. Recently, an American Code

of Conduct has been held up hy the hackroom dealings of arms merchants. Nevertheless, promising legislation is set to be reintroduced before Congress in the coming session.

By holding itself to high moral-standards on weapons sales, the United States would affirm a key maxim for the posr-Cold War world: Security today is not found in unilateral buildup and aggressive posturing. Instead, it must be based on an increased commitment to international cooperation and oo a renewed investment in the bealth, education and well-being of all humanity.

The writer, the 1987 Nobel Peoce lourcote, was president of Costo Rica from 1986 to 1990. He contributed this comment to The Woshington Post.

East Timor, Like Kosovo: A Transition to Help Manage

NEW YORK — East Timor is six time zones away from Kosovo, hut they have much in common. The international community is trying to stop a year-old civil war and 10 years of Serbian oppression in Kosovo. UN-sponsored talks Albanian population for 10 are in progress on bow to put an years. The international comend to 24 years of Indonesian

oppression and armed struggle

in East Timor. Both are provinces inhabited mostly by people whose religion, language and ethnicity differ from those of the powers trying to dominate them. In Kosovo, less than 10 percent of the 2 million inhabitants are Serbian, In East Timor, less than 10 percent of the 900,000 inhabitants are pon-Timorese.

gave rise to armed separatism. In Kosovo, Belgrade's security forces bullied the pacifist ethnic munity knew about it and did next to nothing until the standoff turned into an armed conflict. By Balkan standards, the death toll of 2,000 is relatively small.

In East Timor, the death toll of 200,000 is enormous. One in every three East Timprese was killed or has died from starvation since the Indonesian invasinn in 1975. Jakarta has some 20,000 soldiers stationed in East Timor, who hully and

By Anna Husarska

reported that Jakarta is arming loyalists. International law is entirely on the side of the East Timorese. because Indonesia simply invaded the place. The United Nacions never recognized the occupation, although it has not done much to reverse it.

The strongest similarity between the two situations is the mutual hatred between the local population and the colonizers. I have seen it for two years working in Kosovo's capital. Pristina. and I saw it again last month in Dili, the capital of East Timor. It is oo wonder that the solu-

tions are almost identical: "an-

be revisited The difference is that the Indonesian government of B. J.

Habibie suggested that it may grant East Timor independence, whereas Yugoslav President Slobodan Milosevic (and with him, alas, most of the international community) still thinks that independence for

Kosovo is a no-go. The parallels between the two situations can be put to use

as a to-do checklist. For the Indonesian government: Let the East Timorese decide their own fate before even more bloodshed or attacks by right-wing nationalists make it impossible to do so without the Indonesians losing face. In Serbia, Mr. Milosevic could have given up Kosovo at much less political cost a year ago.

For the United Nations: Go beyond the resolutions and help the East Timorese organize, get approval for and monitor the vote on their fate. An unsu-pervised vote would be contested, and a rigged vote could lead to increased violence. (See what happened in Algeria.) If East Timor decides to go its own way, it will need to be a UN protectorate for some time, and no effort should be spared to help, even if peacekeeping forces are required. It is easier to be peacekeeping than warstopping, as was learned the

hard way in Kosovo. For the Chinton administra-

tonomy plus" for an interim tion: After conferring with Mr. Both Indonesia and Serbia mistreat the population; and it after which the situadoo will Stanley Roth, U.S. assistant and Pacific affairs, reportedly declared that this was not an

American but an Indonesian issue. No, it is not just an Indonesian issue. It is an in-Iraqi invasion of Kuwait was an international and therefore American issue.

During his presidential campaign, Bill Clinton declared about East Timor. We have ignored it so far in ways that I think are unconscionable. Now is the time for the Clinton administration to get engaged in a conscious way. Postponing the decision to step in would make it more costly politically.

(See Bosnia, see Kosovo.) Until August, there is a window of opportunity to act on East Timor, President Habibie is ready to consider indepen-His administration needs the international community to help it move forward

on this without losing face. After the June 7 elections in Indonesia, another government may be installed that could be either tougher on letting East Timor go or not strong enough to let it go. The time to act is now, before the international community is forced to act hy headlines about some new atrocity.

The writer, a fellow at the Media Studies Center in New York, contributed this comment to the Los Angeles Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Félix Faure Dies

PARIS - [The Herald says in an Editorial:] M. Félix Faure is dead! Such was the mournful news that came like a thunderbolt last night [Feb. 16]. Nothing had prepared the public mind for the catastrophe. Fortune continued to smile on him. The difficult negotiations carried oo for years with Russia culminated in an alliance which changed the balance of power in Europe and restored France to her old position in the councils of the Powers. And now, just as the moment the Republic needs him

1924: Sombre Movies

most, he has been struck down.

PARIS — American movie stories are too sentimental for Norwegian and Swedish film fans, so that it is mostly the sombre stuff that is picked for export to

distributor for Paramount Pictures. "Pictures have to be carefully chosen," he said, because the Scandinavians like sober stories. Most of our pictures end by kissing and making up and the aodiences in Scandinavia think this is not true to life.

1949: Letter to Stalin

MOSCOW - A silk-embroidered letter said to be signed by 16,767,680 Koreans from both the south and north sectors has been sent to Premier Stalin as a testament of loyalty. They hailed Premier Stalin as "the teacher of the working people, the great savior for the Korean people." The publication of the letter coincides with the current dispute in the United Nations over the two governments on Korea with the Soviet Union supporting the north as a mem-ber of the United Nations against the Viking peninsula, according the candidacy of the south, adto Mr. Lemat, the Scandinavian vanced by the United States.

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Wake Up to the Diversity Crisis

GLAND, Switzerland — More than 31,000 plant and animal species are threatened with extinction. We cannot be sure about the much greater number of species that have not been scientifically recorded or whose starus we

simply do oot know. Many of these species are relatively inconspicuous in-sects, with a restricted distribution in tropical forests. Their disappearance is a coosequence of the continued loss of equatorial forests, especially in Southeast Asia and South America. According to the World Resources Institute,

one-fifth of all such forest was lost from 1960 to 1990. Perhaps 10 percent of coral reef has been degraded beyond recovery in the past 30 years. Half of coastal man-

groves have been destroyed. This gloomy picture should not obscure the fact that we have had important successes. From 1990 to 1995, for example, some 1,500 new protected areas, amounting to more than 220 millioo hectares, were created

But the trends of hiodiver-

sity loss have underlying

causes that are unlikely to

vanish soon. That makes it improbable that the pattern of degradation can be halted in less than several decades. Why does the international community not do something? Most people would probably accept that genetic, species and ecosystem diversity are crucial to the well-being of

By Claude Martin

materials and fuel, much of our recreation, and the stability of our climate. Should we not safeguard that diversity? Does the task oot merit a body with the powers of the UN Security Council, or some-

thing even more effective?
We do have the Convention on Biological Diversity, launched at the UN Conference oo Environment and De- the assessments of environvelopment in Rio de Janeiro in 1992. With some 172 signa-tories, the convention is one of allowing major development the important international projects to proceed. treaties on the environment.

6 hillion people has heard of to be done for the convention it? Among those few, who to make a lasting difference. It knows what the cooventioo is must take a more strategic apdoing? So far there has been proach, setting clear targets no real assessment of what and adopting realistic time changes the convention has frames. It should take meabrought about.

interim financial mechanism, the Global Environment Facility, more than \$600 million went directly into projects for conserving hiodiversity in developing countries. But that is a tiny proportion of what is needed to address properly the destructive forces at work.

the convencion has had oo nadonal policies, although governments have been pushed into pursuing measures that they would otherwise have been reluctant to take. With UN hacking, the con-

It is hard to say what impact

systems - population increase, poverty, lax enforcement of conservation reguladons. It has taken steps to fill in many of the gaps in scienofic knowledge about the range of hiodiversity.
The convention has set up a

working group to deal with issues relating to community rights to hiodiversity and the sharing of its benefits. It is addressing the importance of hiodiversity considerations in

All these are encouraging Yet who among the world's steps forward. But more needs sures to integrate the prolif-It is true that through its - eration of environmental treaties that exist and meet the challenge of incorporating real science in its terms of reference.

If we are to see results from the Convention on Biodiversity, we must give it muscle. That takes political will, the roots of which lie in public opinion. So people need to be more aware of the convention and of the dangers to their livelihood and well-being from the continued loss of hiodiversity.

The writer, director general of WWF International (for-merly the World Wide Fund vendon has begun to fill in the for Noture), contributed this human life. In such variety we detail on how countries may comment to the International find our sources of food, raw makle the pressures on eco-Herald Tribune.

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OPINION/LETTERS

A Modest Proposal: Let's Eradicate Child Poverty

By E.J. Dionne Jr.

especially when they do not affect you personally. But occasionally, poverty issue. someone comes along with a bit of

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inconvenient news.
In a speech earlier this month to a group of Democrats in Virginia, Bill Bradley, the presidential candidate and former senator from New Jersey, ticked off a list of problems going unaddressed in America. One is child poverty.

Among Americans under the age of 18, one in five lives in poverty. Even if one factors in various forms of federal help, says Wendell Primus, director of income security at the Center on Budget and Policy Priorities, 16 percent of kids are still in poverty.

Talking about child poverty is not fashionable. If you do, you might be cast as a bleeding heart liberal, or, God forbid, a "compassionate conservative."

So here is a modest proposal. Since both parties want to show that the impeachment mess has not crippled their capacity to govern, and since both want to show how reasonable, bipartisan and cooper-TOTTE COULD Do ative they can be, they should undertake a joint venture. Congress and President Bill Clinton should atone for the viciousness of the last year by jointly leading a Campaign Against Child Poverty.

Neither side will get much political benefit out of doing so, which is when the political benefit out of doing so,

which is why they should do it. No one can accuse anyone of political

WASHINGTON — It is easy to ignore unpleasant facts, opportunism. There are not a lot of votes or political action committee contributions in the child

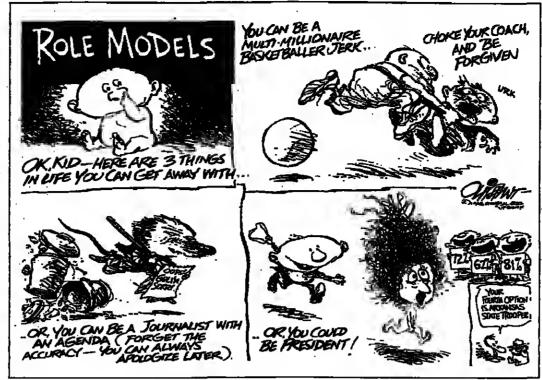
And let's can ideological posturing and accept that there has been some "social learning" about curbing poverty, to use a nice phrase of which Senator Daniel Moynihan, Democrat of New York, is fond. There is little argument now that the rise in the number of single-parent families from the 1960s until a few years

ago aggravated poverty.

Despite heroic efforts by individual parents, single-parent families, on the whole, are not good for kids. So a campaign against child poverty necessarily involves family policy.

And could we also stipulate that while government alone cannot solve this problem — the role of voluntary organizations, especially religious institutions, is vital - it will not be solved without government's commitment.

If the old arguments are given a rest, some practical measures become possible. One is for states to spend the money that the federal government is already offering them through welfare reform to help poor kids. They might put the money into better child care or after-school programs, or into helping the parents of poor kids get better jobs. Mr. Primns says that states are simply not using at



the poor, and the number might be as high as \$7 billion. Surely the states could do some good with that money.

We can ask if some of that big federal surplus might go into academic enrichment programs for poor kids, both before they go to school and after they get there. It is fair to reserve much of the surplus for Social Security and Medicare, two worthy programs. It is not so fair that kids are being left out as the surplus pie is cut.

With Congress likely to ease the "marriage penalty" in the in-come tax code, it should also ease least \$3 billion a year in federal the penalty as it affects families money that is available to them for who benefit from the Earned In-

come Tax Credit. The EITC lifts the incomes of the working poor. Under current law, mmarried couples in which both parents receive the EITC benefit can see their joint income go down if they marry. That's anti-family.

An interesting assortment of politicians — Senator Phil Gramm, Republican of Texas, the Senate Democratic leader Tom Daschle of South Dakota, Representative Jim McDermott, Democrat of Washington, and Representative Richard Neal, Democrat of Massachusetts - has ideas on how to fix this. You have to like the sound of a Gramm-Daschle Pro-Family Child Poverty Act of 1999.

Finally, Mr. Primus sugge that it would be good for poor kids if we paid more attention to their fathers. It is not just a question of getting "deadbeat dads" to pay child support. It is also about making support payments possible by helping the poorest dads find jobs. Working fathers are far more likely

to marry and care for their kids.
No single step will magically eradicate child poverty. But after all the talk over the last year about how this terrible scandal "affected the children," it would be good if politicians in both parties gave some thought to those children who could most use their help.

The Washington Post

LETTERS TO THE EDITOR

After the Acquittal

President Bill Clinton may have obstructed justice, hut Kenneth Starr has perverted it. I hope Attorney General Janet Reno does decide to investigate him and will prosecute the wrongdoings she is sure to find. The independent counsel law is certainly due for an overhaul, but I do not believe it needs to be trashed outright. But the man who has abused its power needs to be brought to justice.

What have we gained for our 12 months of agony, political grand-standing, self-righteous fingerpointing, soft-core porn on the evening news, and massive political, personal, and national em-

barrassment? The Starr affair has ended up damaging many of our cherished institutions.

I want this to be over as much as the next citizen, but not until justice is done. And justice, at this point, lies in investigating Mr. Starr and his crooked office and exposing their high crimes and misdemeanors. REID BRAMBLETT.

Plymouth Meeting, Pennsylvania.

We can thank the Republicans and their friends on the religious right for trying to turn the United States into a fundamentalist country. May I remind my countrymen House managers," according to lowed the presidency to be assailed that Ronald Reagan increased the Representative Chris Cannon, Re-

deficit threefold. Mr. Clinton, who has erred privately, has hrought the country a surplus. I will continue to vote for the person who will move my country ahead, regardless of how many women he has slept with. That is his wife's problem, not mine. MAUREEN MOLLERON.

Paris.

President Bill Clinton's pledge to work hard to win back Democratic control of the House in 2000, singling out certain Republicans for defeat, "is the height of arrogance of power and amounts to a personal vendetta against the

publican of Utah, one of the House managers. Horrors. A president wants to see his own party regain control of Congress and will work hard to achieve that goal, AARON STERNFIELD.

Morges, Switzerland.

Senator Richard Lugar of Indiana is quoted as saying that the important unanswered question arising from President Bill Clinton's acquittal is whether the president can still be trusted to lead on the global scene.

Unfortunately in this regard the United States has hoisted itself on its own petard. America has al-

suit, aided and abetted hy the extraordinary powers of an independent prosecutor, and for this to lead to the partisan pursuit of the president over matters not threatening to the integrity of the state - in the face of overwhelming popular demand to desist. Who is to blame?

Can anyone say that the United States was imperiled by the president's relationship with Monica Lewinsky? Once again, America's international obligations have been clouded by domestic opportunism and shortsightedness. It is the wider world that must now suffer for this institutional immaturity.

ANDREW FARRAN.

Families Staying Together And Thriving Together

By William Raspberry

WASHINGTON — Are there under their belts — who spend as much as four months counseling good marriages produce strong families, successful children and nurturing communities? Or who disbelieve that failed marriages can lead to weak and economically stressed families, troubled children and shaky communities?

And yet as George Gallup Jr. noted the other day, marriage continues in decline. "If divorce were

MEANWHILE

a physical disease," he said, "we'd declare a national emergency." So what accounts for our laissez-faire attitude toward divorce? At least two things, I think. The first is that we have not learned how to talk about the problems resulting from too-easy divorce without implying that we would like to turn back the clock on

advances in women's rights. The second is our belief that divorce, like marriage, is such an intensely private matter that the wider society can do nothing about it.

That second notion, at least, is under challenge, thanks to a fledgling program sweeping America called Marriage Savers, which helps local churches organize to create a "community marriage policy" that includes intensive premarital training.

The results sound almost too good to believe. According to Mi-chael McManus, president and co-chair (with his wife Harriet) of Marriage Savers, the divorce rate in Modesto, California, which adopted the first community marriage policy, fell by 35 percent from 1986 to 1997 — while the national divorce rate was dropping by just 1.3 percent. In just two years of the program, the sub-urbs of Kansas City showed a decline from 1,530 divorces to 1,001 - 35 percent fewer.

Not all the numbers Mr. Mc-Manus cited last week were that dramatic. Eau Claire, Wisconsin, saw a drop from 366 divorces in 1996 to 341 in 1997 - just 6.9 percent - and Columbus, Georgia, reported a mere 5.7 percent drop in that same period.

The keystone of the Marriage

Savers approach is the use of mentors — generally older couples from the congregation with perhaps 30 years of marriage

engaged couples on every aspect

of marriage.
"Except for the Catholic Church, which was the first to require six months of marriage preparation, and a few scattered congregations, when it comes to marriage, the church has pretty much just been a blessing machine." Mr. McManus said. "Couples tell the minister they'd like to be married in his church - maybe just because they'd like some nice pictures for the wedding album - and the minister gives them what I call

a marriage chat, and that's it.

Still, that compares with the national decline in the divorce rate of 1.3 percent over the dozen years. Unless the minister is in one of the 100 places where the Community Marriage Policy pact has been adopted - almost all of them small or midsize towns. In that case what the couple gets is a carefully crafted questionnaire. The partners are sent to separate rooms and asked to answer questions dealing with everything from money decisions to the frequency with which the prospective spouse uses the "silent treatment." The scores are discussed in detail with spe-

Cially trained mentoring couples.

Often the exercise helps individuals to see their flaws more clearly — the tendency to pag, or to put "issues" ahead of the relationship. And about one-tenth of the time, the couple will decide they are not right for each other— preventing a future divorce.

One recent innovation of Marriage Savers is to find mentors whose experiences match the peculiar needs of the engaged couple for instance second-marriage couples might be assigned to couples who are remarrying after a divorce; couples who have been involved with stepchildren might counsel engaged couples facing the same prospect. The result can be better and more practical advice than a cleric or other trained generalist could offer.

The program does two things that I consider vital when it comes to helping marriages to work: It stresses the spiritual importance of commitment, and it offers timetested how-tos. As Harriet Mc-Manus put it. Before you tie the knot, let us show you the ropes."

The Washington Post.

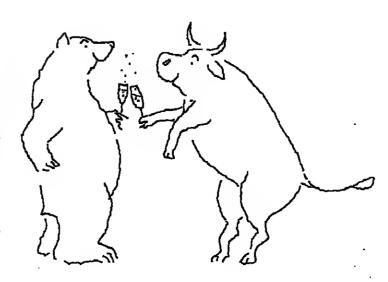
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Specialty chemicals now have a new spelling: Degussa-Hüls AG. The company will have 46,000 employees and will start with sales of more than DIN 20 billion. Degussa-Hüls – an attractive new international company with high growth potential based on the combined strengths of two established firms. Degussa-Hüls - the latest word for more expertise, more commitment, more innovation.



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The epigraph comprises

the swallows Iridescent fish with wings,

Layers of life above the Under, the trout.

The trout, so stolid and weighty io the poem that they bring all movement to a stop. are feelings in the novel that underlie everything, yet, like good trout, are difficult to catch. Thus does "While I Was Gone" celebrate what is impulsive in human nature fectionately. The narrative and at the same time lament pacing is masterly, huilding what lies deep below the sur-

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Kyle Eastwood: Going His Own Way

By Mike Zwerin International Herald Tribune

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ARIS - If you listened to the alhum "From There to Here" was, you'd be surprised to learn that the bass player was the leader and that he was Clint Eastwood's son.

Although Kyle Eastwood says the name has disadvantages as well as advantages, the fact remains that it's oot a genes on one hand, questionable anthenticity on the other.

Without the name it would have been a lot more difficult for him to reach, let Fordham and Diana King as well as alone persuade, such musicians as Billy Childs, Oscar Brashear, Plas Johnson (the saxophonist who played the Pink Panther theme), the percussionist Peter Erskine (Weather Report) and Joni Mitchell (singing Marvin Gaye's casting is intelligent, the style consist"Trouble Man") to record oo his debut ent, the pattern obviously cut from one alhum. Remember though: Name or no name, people of such reputation and caliber would not lend their own names

Honkytonk Man," and it would have been easier and more lucrative to follow that career than learning how to play the

It's a high-risk joh, a lot of respon-sibility and potential grief — there's a special circle in hell reserved for had

If you are amhitious for fame or fortune, the odds are against you, People go

to the rest room during a bass solo. But there's a lot of pride involved. Bass that he was usually paying attendon to players are aware, even if the average the lower register. One thing he likes they still jam together. power and that the musicians know it. (Columbia) not knowing what it They play the only truly essential instrument in the band. Without a sturdy bass line, the center will not hold.

Eastwood is confident enough to lay back on his first record under his name. True to the nature of his function, he has been careful not to put himself in from of bad name at all. What he means is it the other players. There is a modest balances out - good luck and good number of bass solos, and his walking is not ostentatiously mixed.

Presentation is varied — standards, originals, instrumentals, vocals (by Julia Mitchell), a combo, and the hig band version of Tom Waits's "I Beg Your Pardon," featuring Mark Isham and David Sanchez, sounds like a Gil Evans/Miles Davis collaboration. The piece of cloth. It's more than a merely

respectable first record. He feels no pressure to prove anything to a faulty project.

Playing the contrabass is far from the easiest way to capitalize on the name of time people asked me about my dad then a nabob film star father. As a child, Kyle I'd be bothered a lot, He's always been played a role in his father's movie my dad, always will be. All I can do is do the best I can and people either accept it or they don't. If they don't, there's not much I can do about that."

Jazz was always in the house. He and his parents listened to Charlie Parker records together. Wheo his father was producing a jazz documentary called "Straight No Chaser," they sat around for hours watching a stack of Thelonious

listener is not, that they have the real about the bass is that its role is essential for both rhythm and harmony.

He started on the electric bass-guitar in Pehhle Beach high school, near Carmel, California, of which his father was the mayor for a while. Once he learned basic tuning, scales and chords it became fairly easy for him. He learned R&B, Motown and reggae tunes by ear. He had friends who played jazz and they were always looking for a bass player. Everybody needs a bass player. They'd ask him if he knew this or that standard. If not, he figured it ont quickly.

Growing up with Clint Eastwood, you meet interesting people. The young Kyle met Ray Brown, Ron Carter and Lennie Niehaus, who wrote the score for his father's movie "Bird." Niehaus introduced him to Buell Neidlinger, the virtuoso contrabassist who had worked with Ornette Coleman and the Bostoo Symphony Orchestra. Kyle studied with Neidlinger (he had also learned from the hot French fusion bass-guitarist Bunny Brunel). Mostly, though, he figured

things out for himself.
When he switched to the contrahass, he began to practice all day long. It is both a mentally and physically difficult instrument. Whole days would go by and he wouldn't leave the bouse. He practiced bowing, improved his intonation, learned the repertoire, got more com-

fortable with improvising.

His father likes to play Fats Waller tunes and boogie woogie oo the piano. He has a good left hand and he showed his son how it worked. Maybe that had Monk videotapes. Quality time. The something to do with Kyle's original

Starting off his career, Kyle moved

down to Los Angeles for eight years. He got the opportunity to play with Jack Sheldon, Mundell Lowe, Teddy Edwards and Clark Terry. But time began to be on his hands there, and he moved to New York City.

He says he likes the "craziness" in New York. There was more of an opportunity to play there and "along with my family, playing music is the only thing that is important to me." He lives in TriBeCa with his wife, the Spanish actress Laura Gomez, and their 5-yearold daughter, Graylen.

Since the album was released last auturnn, his quintet has worked fairly steadily. Leading a working band means that the music has the opportunity to evolve. It has come together in only a few months. A monthlong European tour in April will include France, Britain, the Netherlands, Austria, Spain and the Czech Republic. It's his band: He hires the guys, directs the rehearsals, picks the times, accepts the gigs. All in all, he says with a grin, it's a "fairly democratic" group.

S FAR as the future is concerned, he is sure of one thing - he wants to continue making music one way or another. Along the line, he'd like to learn arranging. He feels at home being part of the expanded family of musicians.

"The musicians have been pretty accepting. When they first hear the last name they get a weird look sometimes. Once they hear me play, though, it's usually O.K."



The bass caught Kyle Eastwood's ear early on.

Manga Live! Japanese Director Puts the Tarantino Touch to Film

his trigger finger

during the inter-

view, be doodles

while the inter-

ing characters at

By Joan Dupont

OTTERDAM - The Rotter- movie. dam Film Festival, preparing a seemed a logical step since Ishii himself has dipreview this year with a slew of films, rected 80 commany by directors who seem to spe-cialize in crime and pom. Or, like Katsuhito Ishii, in tongue-and-cheek spoofs makes a striking

oo crime and porn. Ishii, 32, comes from the world of the movie as Sharkmanga. or comic book. His first film, "Sharkskin Man and Peach-Hip Girl," is based oo a series by Minetaro Mochizuki, played by stars dressed in what's run from gang-

known as hyper fashion gear. This is the new look of the classic covering stolen

yakuza genre, the live cartooo. "I am trying to put a twist to the an unconscious genre," explains Ishii, who has been beauty whose called the Tarantino of the Eastern car has collided World, which doesn't displease him. with the Toyota His hi-tech feature is a far cry from of the pursuing Takeshi Kitano's existential gangster films, but, he claims Kitano as an in-

actors moving around the central theme of the movie. I wanted to show a type killer kids. The hero, who is just as much who is closer to us, less of a legend," a thug as anybody else, gets to don the

He wrote the script, drew the storyboard, directed and edited; he also took charge of the props, the music (written and performed hy Dr. Strangelove) and most of the costume design. "I designed a lot of the costumes myself so that the movie becomes a sort of fantasy. I gave the actors costumes that aren't typically Japanese, so that even though they are Japanese, they lose their specificity and

The hero, played by the popular Kikuchi, who did his complete ward- anybody, not a macho hero. And I inrobe, down to the "TK" initialed underwear. Asano had done a television spot for Kikuchi's line, directed hy Wong Kar-Wai of Hong Kong; he per-

signer to follow him on Ishii's This mercials.

The actor entrance in the stripped down to the briefs, on the

sters bent on reloot. He kidnaps

chase swings

famous sharkskin suit and win the beau-ments in my movie. tiful peach-hip girl. Ishii is not really sure what "peach hip" means. "She has, you know, hips

like peaches? "The fashion look was very important to the movie; the original manga ing and making a feature. When I got wasn't as fashion minded. I wanted to into shooting commercials, people told give the movie a unique visual quality 1 me what to do, and, again, I tended to try achieve in commercials. A lot of people something different. get killed, there's lots of blood and I didn't want to depict this realistically. In the original, the hero is very strong. Tadanobu Asano, wears a snappy hlack but my Sharkskin Man has soft spots. sharkskin suit by the designer Takeo he's naive. I wanted him to be like

> vented some other characters to contrast with him."



baddies. The A poster for "Sharkskin Man."

between dark woods and a weirdo Nor- By high school, he was drawing his own "In normal yakuza movies, you'll see man Bates-style hotel; there are hit men manga, and at Musashino Art Univerand hit women, mafia brats and cool sity, he was influenced by Andy Warhol "and religious paintings, like Raphael's. a thug as anybody else, gets to don the I think you can see both of these ele-

> "Comics was one side of what I always did, and later. I was in a band too. When you make commercials and shorts you draw a storyboard and I could see the connection between what I was do-

He enjoyed the casting process for Sharkskin Man. "It's very different from working on a commercial where the sponsors decided; this time I could decide." He cast the melancholy looking Susumu Terashima — a regular in Kitano's films, from "Violent Cop" to "Hana-Bi"—as one of the less crazed gangsters. "It's the way he looks that got the dark glasses and sweatpants variety. me. It's hard to figure out what 'Hana-

Japanese society today, or to have fun? "Fun." he nods. "It's not the message that interests me." in Niigata, on He barely flickers at the names Yascoast of Honshu ujiro Ozu and Kenji Mizoguchi, filmand grew up in makers known for their restrained camera movement, artistic composition and ted reading comic hooks when I lighting. "I am 32 years old and my was very young. generatioo dido't grow up with movies You know how in theaters; we watched cartoons on TV. So I've hardly looked at any of that old-hat cinema." He likes Akira Kurosawa, film ooir eroticism: The "Black Angel" it is, my parents forbade me to read them, so that's -all - I wanted to do. I

say. Does Ishii, too, aim to use the genre

Bi' is trying to say. We interpret it each in our own way."

the man who tackled all genres, "because he's exciting — his films move, there's always something to look at." back away from violence, finding ob-

The comic-book world has spawned lique ways of expressing what he has to more than one generation of filmmakers. The manga started in the '30s," says preter translates. as a way of saying something about Ishii, "and one of my favorite movies in He was born Japanese society today, or to have fun? the genre is "Ghost in the Shell." Okiura Hiroyuki, the key animator on many, but I've seen most of the hig "Ghost in the Shell," of 1995, just made his own first film, "Jm-Roh," a thriller Right after Rotterdam, "Sharkskin rights the seel of the seen most of the hig ones." pitting the police against urban guer-

rillas and suicide bombers. Takashi Ishii, born in 1946, who made his debut as a cartoonist, could be considered a godfather of the genre. His "Black Angel, Volume 2," which

heroine is out to trap a crime boss: the plot abounds in stalkings, shoot-outs, abduction and rape.

'As you can see from my movie, my influences are Tarantino. Paul Verhoeven's 'Starship Troopers,' Kitano of course, Japanese cartoons and the old American movies -- I haven't seen that

Right after Rotterdam, "Sharkskin Man and Peach-Hip Girl" was set to open in Tokyo. "We've done tests and they look good. The audience is not supposed to take the characters or antics too seriously. Seeing the movie should be something like reading a violent and funny manga. I hope the public has a great ride.

សសារ <u>ព្រឹក្</u>តិបាននេះក្រុម នេះ ប

BOOKS

WHILE I WAS GONE

By Sue Miller. 266 pages. \$24. Alfred A. Knopf. Reviewed by Christopher

Lehmann-Haupt TT SEEMS we need some-Lone to know us as we are -with all we have done - and forgive us," muses Jo Becker, the narrator, near the end of Sue Miller's riveting new novel. Jo continues: "We need to tell. We need to be

whole in someone's sight: Know this about me, and yet love me. Please." Jo realizes that her wish is hopelessly idealisoc. "But it's so much to ask of other people!" she concludes. confide an infidelity to your

"Too much." You cannot husband and ask him to go on loving you in the same way. You cannot confess a crime that affects the listener and expect no consequences. Yet Jo has glimpsed the

promised land of intimate revelation. She once confessed to her present hushand, Daniel, a minister, that she was tempted to have an affair; he responded hy helping her to surmount her feelings. And she has Jo found the experience an

shriek comes: Don't you get 'You need to understand and is one of the greatest gifts children can give yon, as long as it doesn't last."

So wholeness in someone's sight is at least fleetingly pos-sible, Jo believes. In "While I Was Gone," Miller tests its consequences under several condidons. By doing so, she has once again taken a morally extreme position and made it seem both plausible and questionable, as she has done often in her previous fiction.

In "While I Was Gone," Jo Becker is a happily married veterinarian who suddenly feels that life is somehow passing her by. When Eli Mayhew, a distinguished hiochemist, shows up from her past and asks her to treat his crippled dog, she remembers the time in the late 1960s when the two of them happened to be living in the same small commune in Cambridge, Massachnsetts. Hiding from a loveless marriage,

accept being hated. I think this Eli it was a less happy time. is one of the greatest gifts Eli and his wife have recently moved to the western Massachusetts village where Jo and her husband live. With his reappearance, Jo finds herself recalling the commune and its "horrible" ending, when another member, a

woman whose affection had taught Jo "how to love with enough recklessness and generosity to make it real." bad been murdered in what the police concluded was "a robbery gone bad." Aroused by Eli's presence.

Jo develops what she calls a crush if you could call something so psychologically distorted by such a playful name." But the crush is on herself. As she explains: "The middle-aged Eli contained for me, of course, his youthful self, yes. But he contained me also. The self that had known him then. Myselfwhen-young. And that was what made him attractive to me." So she gingerly edges herself toward an affair.

Miller does many things well in this novel. She shows a deep respect for all her char-acters. You experience the pleasure of the commune's members at the same time that you understand the contempt in which they are held hy the police, their community and the relatives of the murdered victim.

The scenes are emotionally textured, particularly those with Jo's children or the animals she looks after so aftension even in its most psy-face flickering darkly. chologically subtle passages.

learned in dealing with her ecstatically happy one — But most impressive is the three daughters that you walking home from the bar complex portrait of the proneed oot collapse wheo the where she worked, "I some- tagonist that Miller draws. The times broke into a run, I was so story depends on Jo's seeming it? I hate you!" She explains: eager just to be there" - even slightly elusive to everyone though, unknown to her, for close to her. In fact, she lies about her identity to the members of the commune.

And yet to the reader she remains almost entirely sympathetic. The reason for her elusiveness is a feeling she herself can never quite put her finger on, a feeling that goes back to her childhood when she first ran away from home over some trivial incident but was left with a sense of shame that "felt deep and permanent. a stain I would wear forever, an agony I was condemned to wake to over and

over, a final isolation I'd brought on myself hy turning in the wrong direction, heading the wrong way, when I was confused and wounded. Her problem, of course, is that she has no one to whom she can disclose herself completely. Part of her is permanently "gone."

lines of a poem hy Miller's mother, Judith Beach Nichols (1919-1979), that nicely sum up the story's themes. Cedar waxwings dart amang

Excavating Rossini's 'Zelmira'

By David Stevens International Herald Tribune

ARIS — The fate of Rossini's operas has been a strange one, with a decline that began during his long retirement from writing for the theater and continued to the middle of this century, at which point it sometimes seemed as if "The Barber of Seville" was his only cootribution to posterity.

At age 31, when he left Italy for Paris, he was Europe's most celebrated opera composer. A few years later he more or less invented French Grand Opera with "Guillaume Tell" then, exhausted, retired and left the field to Meyerbeer and others. Neglect set in quickly. A few years later, told that the Paris Opera was performing Act 2 of "Tell," the composer quipped, "What? All of it?"

He might be agreeably surprised to know that in the last 50 years or so extensive excavations have taken place. fueled by the Rossini Foundation and its numerous critical editions, seconded hy the actual productions of the annual festival in his naove Pesaro. The most important focus of this

musical archaeology has been on the period 1815-22, during which Rossini produced nine serious operas for Naples, where he also served as musical and anistic director. In his spare time he also pumped out works for Rome, Milan and elsewhere — the comic "Il Barbiere," "La Cenerentola" and the semiseria "La Gazza

But the Neapolitan operas are important because in them Rossini turned voiced Ilo, the heroine's confused orchestra."

his back on the 18th century and laid the groundwork for Italian romanoc opera, and Bellini, Donizetti and Verdi also benefited from his intermittent activity as an impresario in Paris.

His opera seria output for Naples began with "Elisabetta, Regina d'Inghilterra" and included two works Mose in Egitto" and "Magmetto - that he extensively rewrote for the Paris Opera. Several of them have enjoyed revivals in the last 25 years or might have been just the thing for the so, although his "Otello" will probably never emerge from the near oblivion inflicted by Verdi's version - a fate similar to what befell Paisiello's fine "Barber of Seville" when Rossini's

comic masterpiece made it obsolete.
"Zelmira," the last of the nine appearance in Paris in about 175 years. in a strongly east production that came to the Theatre des Champs-Elysees from the Pesaro festival via the Lyon Opera.

Its strength is in the music, short on convectional arias and long on ensembles and choral underpinning, with the second-act quinter an absolute winner. Its weakness is a feeble libretto, hased on an 18th-century French play - something about a pseudo-historical power struggle on the island of Lesbos, replete with skullduggery and

sudden changes of fortune.

Mariella Devia was impressive musically and technically in the title role Rossini wrote for his future wife, Isa-

bella Colhran. The composer also had

two major tenors in Naples, and their

roles were superbly handled here. Paul

spouse, and the darker-voiced Charles Workman sang and acted with acro-batic zest as the villainous Antenore. Sonia Ganassi hrought a rich contralto to the role of Zelmira's confidant. Maurizio Benini and the Lyon Opera

orchestra were amply supportive in the pit, while meeting the score's virtuoso requirements. But Yannis Kokkos's staging was mostly period routine and his ponderous neoclassical designs Naples premiere.

With its final orchestra concert, Radio France's Presences 99 festival was rewarded with a crowd pleaser in the world premiere of the Violin Concerto Neapolitan operas, has just made its first by the French composer Bernard Ca-

The first of the two movements violently opposes the orchestral mass and the relentlessly husy violin, while the second eases the conflict, ending with an ethereal. Berg-like exit for the soloist. Traditional enough, yet also with a personal voice that invites more

performances. Noemi Schindler, for whom the concerto was written, was the brilliantly energetic soloist, and Radio France's Orchestre Philharmonique was under Dominique My's assured direction.

The concert began with an unmystifying, almost traditional message from a youngish John Cage, music for a "Seasons" dance by Merce Cunningham in 1947, and closed with "Extenso," the second of Pascal Dusapin's dense and tightly organized "solos for

BEST SELLERS

The New York Times
This list is based on reports from more
than 2,000 bookstores throughout the
United States. Weeks on the list are not Sherry Sontag and Christopher Draw with Americ Lawrence Diew
4 THE CENTURY, by Peter
Jennings and Todd
Brewster
5 PLAYING FOR KEEPS. FICTION by David Halberstam
6 THE ART OF
HAPPINESS, by the Dalai
Lama and Howard C. t SOUTHERN CROSS, by Patricia Cornwell
2 IN OANGER'S PATH, by Cattle 200 HOWARD C. Cattler 7 THE PROFESSOR AND THE MADMAN. by Simon Winchester 8 CONVERSATIONS WITH GOD: 800k 1. by Neale Donald Walsch 9 THE ENDURANCE, by Caroline Alexander 10 CONVERSATIONS WITH GOD: 800k 3 by W.E.B. Griffin 3 SEIZE THE NIGHT. by Dean Kooniz 4 A MAN IN FULL, by Tom Wolfe
Sally Straight. by
Jonathan Kelkeman
6 HARRY POTTER ANO
THE SORCERER'S
STONE by J. K. Rowling
7 THE ROSONWOOD
DIRLE 7 THE POISONWOOD BIBLE by Barbas WITH GOD: Book 3. by Neale Donald Walsch ti WHY NOT ME?. by Al 8 THE CAT WHO SAW STARS, by Lilian Jackson Franken 14 3
12 A WALK IN THE
WOODS by Bill Bryson 12 34
13 THE DEATH OF Branm
9 AMSTERDAM, by lan
McEwan
16 ANGELS FLIGHT, by 16 ANGELS FLIGHT. by
Mivhael Connelly
9 5
11 THE SIMPLE TRUTH, by
David Baldacci 11
12 WHEN THE WIND
BLOWS, by James Panerson 10
13 A NIGHT WITHOUT
ARMOR by Jewel
Kilcher 15
19
14 BAG OF BONES, by
Stephen King 18

14 Septem King to 15 RAINBOW SIX, by Tom 12 25

NONFICTION

THE GREATEST GEN-

Brokew 2 TUESDAYS

13 THE DEATH OF OUTRAGE, by William J. 14 CARELESS LOVE, by Peter Guzzinick 15 ANGELA'S ASHES, by ADVICE, BOW-TO AND MISCELLANEOUS I LIFE STRATEGIES, by Phillip C. McGraw
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Markets Cool To France's **Bank Deal**

But Union Leader Says They Miss Its Importance

> By John Tagliabue New York Times Service

PARIS - Investors cheered only halfheartedly this month when Societe Generale SA announced it was paying \$18 billion for Paribas SA.

What French banking needed above all, they argued, was to bring down costs by thinning out a dense network of branches, but these two banks had few that overlapped. And while the acquisition brought together Societe Generale's investment banking arm with Paribas, which has focused on that business in recent years, it failed to create a player in the top tier of investment banks. With little overlapping business of any kind between the two banks, they complained, little room for cost-cutting presented itself in their combination.

One analyst, David Grinsztain of Merrill Lynch in Paris, said his valu-ation of Societe Generale, France's second-largest commercial bank, alone was equal to the value he placed on the combination of the two. "It's above all a tactical move; it has no strong industrial logic," he said of the deal.

sre north for ...

Marcus Smith, an analyst of European banking for MFS Investment Management in London, agreed that the deal nad not created new value.

"It is a question where one and one equals three," he said, "and it's hard to

Investors have appeared to buy that argument. At the close of trading Tuesday, shares of Paribas, France's fifthlargest bank, were still at 83.15 euros (\$93.39), roughly their level before the deal was announced; Societe Generale has fared worse, closing Tuesday at 135.90 euros, down from 153 at the time of the announcement

But Jean-Claude Brancherean says investors may have missed the point. He is a trade union leader at Societe Generale, and his attitude typifies the unease of employees who say the accord speeds a movement among French banks, barely visible before now, that could lead to greater job losses and increased insecurity — even as he gradgingly admits that the changes may assure the banks' survival in an increasingly com-

Pointing to a shuffling that began in 1996, when Credit Agricole paid \$2.3 billion to acquire Banque Indosuez, Mr. Branchereau said, "That was the first step; this is an acceleration."

The Socialist government of Prime Minister Lionel Jospin plans to sell its stake in Credit Lyonnais this year, and suitors are lining up. This week, Lucien Douroux, chairman of Credit Agricole, said to would be among those bidding for a stake.

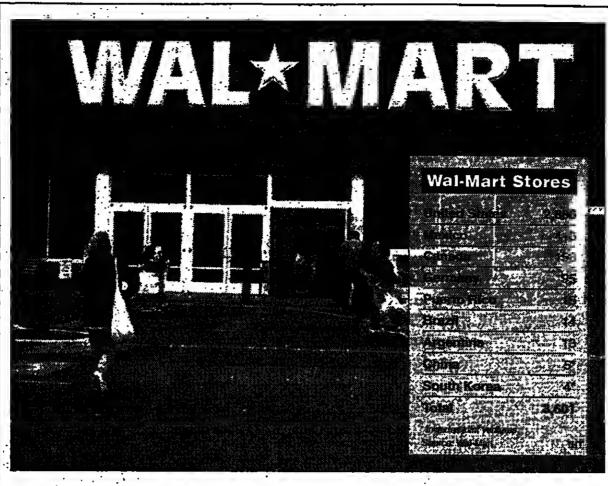
Investors may not yet agree with Mr. analysts and others say he is onto something: While Daniel Bonton, chairman of Societe Generale, and Andre Levy-Lang, his counterpart at Paribas, may have been trying to avoid the distastcful task of closing bank branches, and hence cutting jobs, when they chose each other over other potential partners, the combined bank would gain an economy of scale in a European market that

is rapidly unifying.

Jean-Luc Lepreux, analyst at Moody's Investors Service Inc. in Paris, said size would have more than one advantage. "It is both de-fensive and offensive," he said of the alliance between the two banks.

The volatility of French banks' stock prices, he said, was a sign of their po-tential as takeover targets. The deal also affords each of the banks a chance to increase outlets for retail financial services. And by bringing together Societe Generale's specialization in equities and Paribas's in fixed-income securities, the merger increases their clout on the increasingly liquid euro-denomin-

The logic behind the merger, many say, is dictated by the peculiarities of French banking. Societe Generale, which was nationalized after World West World State State Franch banks War II, was one of the first French banks to be returned to the private sector, in 1986, and it has had to struggle to assert itself in a market distorted by state-owned and mutual banks that typically gained market share while paying scant attention to returns. The result was distaste for French retail banking among private French and foreign banks alike.



Wal-Mart Thinks Big in U.S. Northeast

New Superstore Push Is Expected to Usher In 'Killer' Competition

By Leslie Kaufman New York Times Service

NEW YORK — When Wal-Mart Stores Inc. — the world's biggest retailer - in 1990 proposed building its first outlet in Vermont, in the village of Williston, it started a fight that quickly turned ugly.
The Burlington

Blue-chip stocks rose in New York, belped by an unexpectedly strong 21 percent rise in fourth-quarter earnings at Wal-Mart. Page 12.

ized about the 'New Jerseyification' of the scenic vacation town of 6,000 residents. The National Trust for Historic reservation declared the entire state of Vermont and its little white-steepled towns "endangered" by suburban sprawl.

It took seven years of expensive battling before the store finally opened. During that time, Wal-Mart's effort to open store in nearby St. Albans also was blocked by the Vermont Environmental Board.

Today, however, Wal-Mart is no longer treated as an invader. The company opened its fourth outlet in Vermont

ast month. Despite complaints from preservationists and environmental groups, the entire process - from filing a permit to greeting the first customers — took little more than a year.

Wal-Mart's quiet little victory in Vermont has been echoed throughout the U.S. Northeast, where the retailer has lately been mounting an aggressive

expansion drive with little of the panied its rocky start earlier in the decade The success may also send a message to Wal-Mart's competitors and potential competitors in markets outside

the United States, where it has opened 715 stores as it mounts a price-cutting expansion campaign in Europe, Asia, Mexico and Canada.

What is particularly significant about the latest Northeast push is that most of the new stores are supercenters.

See WAL-MART, Page 12

Japan Reverses Course And Buys Bonds Again

But Bid to Curb Rates Leaves Market Wary

TOKYO - The Finance Ministry

said Tuesday it would resume buying government bonds after a two-month hiatus, a policy reversal intended to curb a surge in long-term interest rates that could prolong the country's recession. Japanese bond markets have been

racked in recent weeks by the darkening specter of the government's financial troubles — bank bailouts, expensive stimulus packages, emergency loans, budget deficits and a ballooning debt burden. Investors accordingly have been dumping bonds, and Japanese politicians have been watching with frepidation as rates on long-term Jap-

anese bonds have tripled.

The Finance Ministry, the biggest buyer of government bonds last year, said it would buy 400 billion yen (\$3.46 billion) in bonds from the market before the country's fiscal year ends March 31.

It also said it would reduce sales of benchmark 10-year bonds next month by 400 billion yen and instead sell an additional 400 billion yen of two-year notes and six-year bonds.

The unexpected move, announced by Finance Minister Kiichi Miyazawa and applanded by the Bank of Japan, came days after the central bank warned that it would not increase its government bond purchases. The moves raised concern among investors that the government lacked consistency as it tried to halt the rise of interest rates, which have tripled since Oct. 7.

"This proves government officials don't know what they're doing," said Hiroshi Sakuma, a manager in the securities investment planning department at Dai-Ichi Mutual Life Insurance Co. "They don't have any basic policy, and we can't trust them. What they say changes a lot."

The announcement buoyed bonds, with the yield on the benchmark 10-year bond sinking to 1.985 percent, its lowest close since Jan. 29. The yield hit an 18-month high of 2.44 percent Feb. 3, up from a record low of 0.695 percent Oct. 7.

The ministry's Trust Fund Bureau, which manages money from the na-tion's postal savings system and public peasion funds, stopped buying govern-ment bonds Jan. 1 because it needed the money to finance government spending to lift the economy ont of its deepest

recession since the end of World War II. The bureau last year absorbed a third of the gross issuance of government bonds, according to J. P. Morgan & Co.

The ministry's withdrawal from the market exacerbated the fall in bond prices that began in October amid concern about an increase in government bond sales to finance economic stimulus measures. The government plans to sell 71 trillion yen in debt during the year beginning April 1, up 23 percent from the current year.

A senior Finance Ministry official said the bureau may continue to buy bonds in the new fiscal year, depending on market conditions.

The government will do anything it can to curb rising interest rates," said Yoshiichi Taguchi, a portfolio manager at Tokio Marine Asset Management Co., which oversees 900 billion yen in

The Bank of Japan's governor, Masaru Hayami, said he welcomed the Finance Ministry's action. He added that the yen's fall would help activate an economy that the government said Tuesday remained in a "very severe situation" because of high unemploy-ment, falling wages and cuts in corporate spending.

In two reports on the economy, the government noted only faint glimmers of improvement.

The Bank of Japan said in its latest monthly report, "the tempo of worsening in economic conditions is slowing, omitting the word "gradually" from the phrase in its January report that said, "the tempo of worsening in economic conditions is gradually slowing."

The Economic Planning Agency reported in its accordance for Educations.

peated in its economic report for February that Japan's economy was in a prolonged slump and that the situation was severe. But the agency said economic data indicating mild improvement and data implying further deterioration were mixed.

Against that backdrop, analysts said the move Tuesday to buy bonds was not enough to ease their worries.

"It's a token gesture in the face of political demand," said William Camp-bell, fixed income analyst at J. P. Morgan in Tokyo. 'But we don't see much impact on the economy.'

(NYT, Bloomberg, Bridge News)

EU Warns Bonn and Paris Over Their Budget Plans

By John Schmid

Free Press omi-

nously editorial-

FRANKFURT --- The European Union's executive body warned Germany and France on Tuesday that their budgets lacked "safety margins" to prevent deficits from slipping into violations of the fiscal standards for Europe's common

Only weeks after the January intro-duction of the euro, the European Com-mission's criticism of the two biggest economies in the euro bloc is another sign of worry over spending laxity. The euro has slid from about \$1.18 in its first days of trading to around \$1.12 now, and economists say this is partly because of fears that governments will call for looser budgets to offset slowing economies.

The EU's warnings are at the heart of a conflict between some of Europe's most powerful politicians and the European Central Bank, which is eager to defend its own political autonomy to defend the value of the euro. Finance Minister Oslar Lafontaine of Germany last week took the unusual step of threatening to increase public spending if the European Central Bank did not lower interest rates to stimulate the economy.

The ECB, meanwhile, has warned that "a relaxation of fiscal policies" would create an inflationary risk. While all 11 euro nations meet fiscal

standards, the EU monetary affairs com-missioner, Yves-Thibault de Silguy, warned that "in some cases the programs lack ambition."

The commission singled out Germany's budget plans from 1998-2002 as "minimal" and said they must be "accompanied by reforms of the labor market." Turning to France, the commission said the French budget "offers no safety margin to accommodate the financial consequences of new policy measures or

CURRENCY RATES

The European Central Bank on Tues-day rebutted the political clamor for lower interest rates with the argument that its already "very low" lending rates were

supportive of growth and employment.

The central bank's monthly report for February reflects its view that Europe cannot blame borrowing rates for its inability to create jobs or stimulate growth. The ECB is known to be concerned that Europe's leaders are shunning the sort of labor-market and welfare reforms intended to modernize the economies on the Continent.

The bank's latest report adhered to its familiar assessment of Europe's economy, depriving politicians of signs of imminent loosening of credit terms.

The ECB report appeared before the bank's governing council meeting Thurs-day, a meeting Mr. Lafontaine will attend for the first time. Mr. Lafontaine ranks as the most vocal politician to call for easier credit to stimulate the economy.

The mere presence of Mr. Lafontaine on the 36th-floor boardroom of Frankfurt's Eurotower is expected to be enough of a reason for the ECB to leave its main interest rate unchanged at 3 percent, economists said. The politically entenomous bank assiduously wants to avoid any impression that it will buckle to outside pressure, they said.

With Lafontaine in attendance, that would almost certainly guarantee no change in monetary policy." said Richard Ried, chief economist in London at the Donaldson, Lufkin & Jenrette investment house

As president of the European Union's council of finance ministers, Mr. Lafontaine has the right to attend the regular ECB board meetings and address the council, although he cannot vote. Mr. de Silgny will also attend the meeting. With the euro weakening against the

See ECB, Page 13

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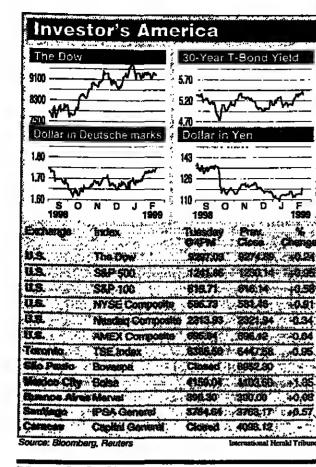
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Very briefly:

 Levi Strauss & Co. said net sales in its financial year ended Nov. 29 dropped 13 percent, to \$6.0 billion, due in large part to soft sales of its flagship Levi's brand jeans. The privately held apparel maker does not report earnings.

• Deere & Co., the largest North American maker of farm equipment, said weak demand linked to depressed grain prices cut earnings in its first quarter, which ended Jan. 31, hy 75 percent from a year earlier, to \$50 million, as worldwide sales fell 14 percent, to \$2.46 hillion.

 Campbell Soup Co.'s second-quarter profit fell 25 percent, to \$219 million, from a year earlier after it halted a promotion for retailers, resulting in an 8.9 percent drop in sales, to \$1.83

 Havas SA, France's biggest publisher, confirmed a report in the French business daily La Tribune of its interest in the U.S. computer-magazine publisher CMP Media Inc., which has hired Lazard Freres & Co. to explore a possible sale or merger. But Havas said it had not decided whether it would

device that makes Internet access as much as 125 times as fast as existing telecommunications networks -- for \$125 million

 Chart Industries Inc., a maker of industrial cooling equipment, agreed to buy closely held MVE Holdings Inc. for about \$240 million in cash and assumed debt to expand its

 GlobeGround, the airport ground-service unit of Deutsche Lufthansa AG, agreed to purchase Hudson General Corp. Sakakibara and Haruhiko Kuroda — and the for \$76 a share, or about \$134 million, apparently prevailing governor of the Bank of Japan, Masaru Hayami, over Ogden Corp., Ranger Aerospace Corp. and a group led by Hudson's managers in a four-way bidding war for the company, which handles baggage, fueling and de-icing at airports across the United States and Canada

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Trading Activity

Wal-Mart's Earnings Help Power a Rise in Blue-Chip Stocks

NEW YORK -- Blue-chip stocks rose Tuesday, helped by strong earnings from Wal-Mart Stores, the world's largest retailer.

Wal-Mart's fourth-quarter earnings rose a better-than-expected 21 percent from a year earlier as the company continued to attract shoppers with its prices and selection of goods.

Wal-Mart said it earned \$1.56 hillion in its fourth quarter, which ended Jan. 31, compared with \$1.29 billion a year earlier. Sales rose to \$40.79 billion in the quarter from \$35.39 million. Sales at stores open at least a year, a gauge that retailers use to measure performance, rose 8.7 percent.

earned \$4.43 hillion, or \$1.98 a of Frederic E. Russell Investment share, compared with \$3.53 billion, or \$1.56 a share, a year earlier. Sales oversees \$80 million in assets.

were \$137.60 billion, compared with \$117.96 billion.

Street analysts' estimates. Its stock times its estimated 1999 earnings, rose 31/4 to 871/6 on the New York according to First Call. Stock Exchange, helping the Dow Jones industrial average move up ternet service provider, was an ex-22.14 points, or 0.24 percent, to ception, rising 13 9/16 to 49 on its 9,297.03. The Dow was up more than 100 points early in the day.

The broader Standard & Poor's 500-stock index finished 11.73 points higher at 1,241.86, but the Nasdaq composite index fell 7.96 points to 2,3 (3.93. Declining Internet stocks pulled the Nasdaq down from its earlier

highs. Yahoo!, Lycos and Amazon.com all fell sharply. Not every tech company can be For the full year, Wal-Mart a Microsoft," said Frederic Russell

Co. in Tulsa, Oklahoma, which

"Some will be pushed out, and ith \$117.96 billion. these price/earnings multiples must. Wal-Mart's results exceeded Wall be adjusted." Yahoo! trades at 368

Prodigy Communications, an In-

U.S. STOCKS

third day of trading. Prodigy, founded in 1984, was one of the first private on-line services.

Dell Computer was the most active stock in U.S. trading, falling 11/8 to 88% after a 12-point drop Friday on concern its sales were slowing Dell was to report earnings after the market closed

Hewlett-Packard, another major computer maker, fell 3 3/16 to 731/4 in anticipation of its earnings report.

quarter," said analyst John Jones of Salomon Smith Barney, who rates Hewlett-Packard a "buy." He said, "The comment of the sure for seven quarters, and they've comment on reports of a deal. had a tough time producing any consistency.

Rising bond prices bolstered the stock market. The price of the benchmark 30-year Treasury bond was up 1 2/32 at 98 17/32, pushing bonds yields fall because lenders the yield down to 5.35 percent from pay less on their debt holdings. 5.42 percent.

the dollar's rise against the yen. Japanese finance officials said they ve, sending yields lower.

4214 on speculation that Volvo, the to give small business owners the

Chicago-based Navistar declined to Financial-services stocks and banks gained as bond yields fell.

American Express, Citigroup, and Wells Fargo all rose. Bank profits tend to increase as

American Express rose after the Stocks and bonds benefited from travel and financial-services company said it had teamed up with international Business Machines to favored a weaker yen to help exporters. A stronger dollar makes card members automatic discounts U.S. Treasury issues more attract- of as much as 10 percent on a range of IBM products. The two compa-Navistar International rose 7 to mes also are linking their Web sites icipation of its earnings report. world's second-largest maker of opportunity to buy on-line. IBM 'People are nervous about the heavy trucks, may buy the truck-shares also rose. (Bloomberg, AP)

WAL-MART: 'Killer' Competition Is Expected as Discounter Starts a Superstore Push in the U.S.

'questionable futures."

Continued from Page 11

Sprawling to as much as 200,000 square feet (18,000 square meters), these vast emporiums offer not only the apparel, housewares and electronic goods available at most Wal-Mart stores but also groceries, pharmaceuticals and extras such as eye care and auto service.

As a result, they compete with a much more diversified range of retailers than regular Wal-Marts. The average Wal-Mart supercenter rings up about \$55 million to \$65 million in annual sales - almost double the volume of a regular Wal-Mart and seven times that of a rival discounter

such as Ames Department Stores. According to some analysts, Wal-Mart stands to triple its supercenter presence in the Northeast in the next two years - an expansion that could draw \$3 hillion more in annual sales from an already crowded Bradlees are among those with take to be an appropriate number of 245 are within 10 to 12 miles of a an average of 17 percent of sales.

marketplace. To put this figure in perspective, it exceeds the 1998 sales of any of the regional chains -Ames, Bradlees, Grand Union or Pathmark Stores.

'Wal-Mart's expansion into the Northeast is going to create a killer competitive environment and an intense price war," predicted Burt flickinger 3d, who has been study-many consumers in New England, ing regional retail patterns for three decades and is now managing director of Reach Marketing, a retail and marketing consulting agency in Westport, Connecticut.

Mr. Flickinger says that not all the chains can survive, and he is not shy about calling the race.

He says that Grand Union and the supermarket chains run by Penn Traffic Co., a company now in bankruptcy that has a significant presence in eastern Pennsylvania, along with the retailers Ames and

As its competitors point out in defense of their own viability, Wai-Mart is not exactly invisible in the st even now. With 244 of its regular discount stores - such as those in Williston and Berlin, Ver-

New York, New Jersey and Pennsylvania. Wal-Mart typically provides few details of its expansion plans for the year beyond an overall number of stores planned. This year it said it intended to build 150 supercenters and 40 normal-sized discount stores nationwide. When asked about ana-

lysts' projections, a Wal-Mart spokesman, Jay Allen, said that the company had plans to build 15 su-

percenters in the Northeast this year. What might Wal-Mart ultimately

percenter-to-consumer ratio, consider that Arkansas, its home state, with a population of 2.3 million, has 27 mega-outlets.

Mart challenge. Bradlees, which has only eight of its 102 stores in the same market as Wal-Mart, might conflict with the retailing leviathan. But Bradlees' chief executive, Peter Thorner, appears sanguine.

head, he said, "Wal-Mart takes only 6 percent to 8 percent of sales from our stores and even then only in the first year of competition."

Joe Ettore, chief executive of Ames stores, contends that for him the battle with Wal-Mart is already

supercenters for the Northeast? To Wal-Mart, and 165 are within three get some idea of its preferred sumiles," he said. "At this stage it is not about our future survival. We

already coexist."
Mr. Ettore's strategy, which has been widely hailed by analysts, is to Other discounters in the Northeast sell to consumers with family insay they are ready to meet the Walcomes under \$25,000, just beneath the middle-income customers who are Wal-Mart's prime target.

Supermarket executives acknowljustifiably fear an escalation in its edge that Wal-Mart is a threat. They are not benign," said Bob Tobin, president and chief executive of Ahold U.S.A., the subsidiary of Roy-In markets where they go head to al Ahold NV, the Dutch grocery giant that owns the New England-based Stop & Shop chain. "No one who is a student of this industry welcomes Wal-Mart into their area.

In a recent study of Wal-Mart's experience in Texas, Mr. Stone found that three years after a supercenter over. "Out of our 301 Ames stores, opened, local grocery stores had lost

• Nokia Oy of Finland said it would purchase Diamond Lane Communications Corp. —a California-based developer of a Rises Against Yen on Tokyo Officials' Statements XL to Buy NAC Re

NEW YORK — The dollar rose against the yen Tuesday after Japanese finance officials said they favored a weaker currency and would drive down long-term bond yields to revive the economy.

Finance Minister Kiichi Miyazawa as well as two senior Finance Ministry officials - Eisuke governor of the Bank of Japan, Masaru Hayami, all said they would welcome any decline in the yen caused by the central bank's cut in interest "You've got a very fragile economy running

U. S. STOCK MARKET DIARY

Tuesday, Feb. 16

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NYSE

long-term interest rates," said Anne Parker Mills, senior currency analyst at Brown Brothers Harriman & Co. It has become evident that

FOREIGN EXCHANGE

officials are concerned, she said. "Today's news is very negative for the yen." The dollar jumped to 118.645 yea in late trading

from 115.450 yen a day earlier in London. It also rose to 1.4258 Swiss francs from 1.4235 francs, while the euro slipped to \$1,1203 from \$1,1296. The pound rose to \$1.6342 from \$1.6340. U.S. against the head winds of a strong yen and higher markets were closed for a holiday Monday.

The Japanese currency's 25 percent gain against the dollar since mid-August has hurt exports, On Tuesday, Japan forecast that the economy would grow 0.5 percent in the year starting April 1. In an effort to curb a rise in long-term interest rates, the government will resume buying government bonds and reduce sales of 10-year bonds this

"When countries wish their currency to weaken, they usually get their wish," said Scott Turner 0.915 share of XL for each share of Prudential Investments. He predicted that the dollar would climb to 125 yen as government bond purchases "derail the upward trend in in-

HAMILTON, Bermida - XL Capital Corp., a liability insurer, said Tuesday it would buy NAC Re Corp. for about \$1.15 billion in stock, expanding its reinsurance sales and giving it a larger U.S. presence. The deal will create a company with assets of \$13.3 billion and \$2.3

billion of revenue.

Shareholders of NAC Re will get

they hold. NAC Re stock rose \$2.1875 to 52

in late trading, but XL fell 93.75 cents to \$59.5625.

ASA's Delta Connection

Delta's move will protect

Manus, a portfolio manager at

Independence Investment

Associates, which owns about 500,000 Delta shares.

Both Delta and ASA airlines are based in Atlanta

The pilots union at AMR

has protested the purchase of

Reno Air, demanding that the

seniority list of Reno Air pi-

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craft at both airlines. ATLANTA - Delta Air Lines Inc. said Tuesday it shottles Delta passengers on shorter connecting flights from Atlanta and Dallas/Fort would buy the remainder of ASA Holdings Inc., the op-Worth. erator of the regional carrier Atlantic Southeast Airlines, for about \$700 million, proits main territory amid recent acquisition efforts by other tecting its main market in the Southeastern United States major carriers such as American Airlines, a unit of AMR Corp., and United Airlines, a and Texas.

Delta, which already owns about 28 percent of ASA, will pay \$34 for each of the reunit of UAL Corp.
"This puts a kink in anybody's plan to put a hab in the Southeast," said Paul Mcmaining shares.

Atlantic Southeast's stock rose \$1.8125 to close at \$33.75, while Delta was down 6.25 cents to \$52.50. Leo F. Mullin, Delta's president and chief executive, said the acquisition would strengthen financial performance by improving efficiency and utilization of air-

To Our Readers

Because of technical problems, certain financial tables were not available for this

lots be immediately integrated with American's. The protest caused American to cancel more than

6,600 flights from Feb. 6 through Tuesday.

INTEREST RATES

Tuesday, Feb. 16 Government Deb 5-year 4.523 3.472 3.352 3.632 1.23 3.522 2-year 4.857 3.04 3.019 2.146 0.415 3.019 5-year 4.94 99-04 4.419 4.003 3.91 4.133 2.09 4.119 30-year 5.35 98-16 Money Market Rates 0.50 0.10 0.60 0.65 0.67 Libor Rates Dellar Euto Storling Yea Say Pronc Forward Rates 78-day 66-day 79-day 1,6293 1,5279 1,6268 1,5027 1,5027 1,5027 1,1483 1,1345 117-28 116,74 116,29 1,4257 1,4219 1,4176 Gold Fixings

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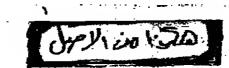
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STREET BUILDER

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JANIOO LE CO

Euro Has Vending-Machine Industry Looking for Change

By John Tagliabue New York Times Service

VICENZA, Italy - Luca Adriani is of two minds about the euro.

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Section 1.

ATTACKS OF A

Mr. Adriani, 32, is chief executive of Coges SRL, which manufactures vending machines. Now that the euro - the common currency for I 1 European nations - has made its debut in electronic transactions, orders for his machines are swelling, he says, in preparation for January 2002, when euro coins and bills will

But the company, based near this city in northern Iraly, also operates vending machines, supplying them to businesses that offer snacks and coffee to employees. So he expects the cost of replacing the coin boxes, as well as the loss of revenue while the machines are being converted, to put a sizable dent in that business.

"I'm laughing on one side of my face and crying on the other," Mr. Adriani said. Mixed emotions are found throughout the European vending industry. In the next three years, companies that operate vending ma-chines will have to spend heavily to adapt them to accept euro coins. The swelling de-mand will be a boon for equipment man-

But the rush to convert also means that many Puchalski, sales manager at NRI National Remachines will be out of commission for long jectors Inc. near Hamburg, a leading maker of nition devices, such as those often used in periods, in limbo between currencies. And and the like still jingling in their pockets who The euro came into use at the start of this

to remain legal tender until July 2002. "The question for us is: When do you convert your machines?" said Norbert Monssen, spokesman for the organization that represents the German vending machine industry. "If

unique to vending."

be needed. Europeans now carry roughly 70

Stores, he said, can and must accept two billion coins in their pockets that can be used

devices are exempt but still must be retrofitted

to accept the new coins at some point. As the investment budgets of vending-maabout a sharp falloff in sales once the new

ECB: European Commission Warns Germany and France About Budget Plans

In its report, the ECB rejected the prices that many economists expect

mark interest rates, including long- present, of deflationary risks in the trial economies.

coin-processing equipment and a unit of Crane vending machines, must learn the characcome 2002, there are sure to be frustrated Co. of Stamford, Connecticut. "But once terisocs of new coins by having them recustomers with Deutsche marks, line, francs that's done, we expect some holding back."

will be unable to use the new euro
machines. The national currencies are
TO THE FURO

TO THE FURO

Year in Italy, Germany, France, Ireland, the Netherlands, Belgium, LuxEuropean industry officials al currency, used only by banks and financial markets.

The introduction of euro notes and coins will take place in three years, to you do it too early, your customers don't have afford Europe's new central bank and mints the coins and go elsewhere. It's a problem the time to produce the coins and bills that will od; vending machines and other coin-operated million more coin-operated devices such as

telephones and subway ticket machines. The task of changing all that money into curos is "both a threat and an opportunity," chine operators are stretched thin, some said Catherine Piana, secretary general of the equipment manufacturers are apprehensive European Vending Association in Brussels, Some which represents the industry.

Few euro coins are available to vending "We'll peak in the next two years, and machine manufacturers. Industry executives percent of its vending investments will be considerable," said Rainer say they must have samples of the coins after the euro comes.

peatedly inserted into their slots; newer models are programmed by transferring the m-

European industry officials also worry embourg, Aostria, Finland, Spain and about whether there will be enough coins Portugal. But for oow, it is a cashless available in 2002 and whether the amousts will be properly apportioned in terms of what denominations are most in demand by vending-machine customers.

Some skeptical companies are promoting cashless systems that use smart cards or programmable keys to acovate vending machines, convinced that coin shortages will occur and will present opportunities for introducing new technology.

"Italy alone has to mint 7.6 billioo coins by 2002, or 10 million coins a day," said Mr. Adriani, whose company has annual sales of \$60 million. "But our mint has a capacity of 2

Some companies have already adopted cashless systems. Alois Dallmayr, a Munichbased coffee distributor, says it expects 70 percent of its vending machines to be cashless

Investor's Europe						
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BANKS: Raids Seek Signs of Collusion in Euro Zone on Money-Changing Fees

Continued from Page 1

nev Could Do commissions for some time and has said the launch of the euro has stripped away some of the justification for high bank charges. The union wants banks to lower fees and be more open on how these are

> The cost of exchanging and transselling currencies, but the introduction of the euro last month set fixed shown documents, but the premises rates between the 11 participating national monies, doing away with exchange-rate risk.

> related to the transition to the euro. Bank of Spain. Credit Agricole and

Continued from Page 11

dollar, public feuds with the central

bank have raised new questions

aboot the ability of governments to

cooperate over economic policy

with the ECB. Economists attribute

the softness of the euro, which had

political frespassing into the central

way of stimulating Europe's ex-

been expected to strengthen, to term money-market rates.

mk's affairs. by international and by historical Gethard Grebe, an economist at standards," the report said. "Mon-

Bank Julius Baer, said the French etary and financial conditions are

and German finance ministers ap- therefore favorable for sustained

peared deliberately to be "talking growth of output and employment in

Jakarta

banks, pledged that its members ment. would convert customers' accounts to euros for free.

But consumers have complained that banks are shortchanging them by not passing on the benefits of the new single currency.

culated its fees. The officials were exchange and cross-border transfers. weren't searched, he said.

Dresdner Bank said the accusations against it were false, BBV of

ootion that interest rates were too

past year of each of Europe's bench-

term borrowing levels and short-

"These interest rates are very low

eration, a trade group that represents visited too and declined further com-

The French Bankers Association called Mr. Van Miert's remarks be- zations. fore the monetary subcommittee warlike" and unjustified.

Mr. Van Miert said the commission had decided to investigate pos-A spokesman at Deutsche Bank sible collusion after it received comferring money has traditionally been said the commission and German plaints from the Parliament and the expressed as a commission based on cartel office representatives had vis- public suggesting banks had agreed the spread between buying and ited the bank and asked how it cal- not to compete on costs for currency

Mr. Van Miert said the commission had figured there were enough indications that there could have banking association for recombeen collnsion between banks over Banks promised last year not to Spain said it was not charging any the charges both at national and change fee. Italian banks have since charge their customers for services commissions not permitted by the European level.

Mr. Van Miert said the conrdi-

will force the bank to lower its lend-

high. It cataloged the declines in the ing rates. "The strong growth of ministers and central bankers from

The bank dismissed the imme- ing, it acknowledged, although "the politicians, economists said.

credit suggests the absence, at the Group of Seven leading indus-

The European Union Banking Fed- Societe Generale said they had been nated raids were part of a broader investigation that also included written requests for information from the leading banking organi-

The commission is determined to stamp out any excessive charges ahead of Europe's rush of travelers and tourists in the summer.

"It's necessary to verify if there was national coordination — and there we have quite stroog indicaoons," Mr. Van Miert said.

The raids by the commission come a day after the Bank of Italy said it would investigate Italy's mending a 3 percent currency-excut their charges.

meeting Saturday in Bonn of finance

Better Profit

LONDON — Barclays PLC said Tuesday that its earnings doobled in the second balf of 1998 as rising profit from corporate and consumer banking more than offset losses at its investment bank, Barclays Capital.

The bank's second-half net income rose to £448 million (\$729.5 million) from £227 million a year earlier. Full-year profit rose 19 per-cent, to £1.34 billion, in line with expectations.

"Barclays' results were a relief to the market," said Nigel Cobby, an analyst at Morgan Stanley Dean Witter. "There was real concern about the earnings,"

The company's shares rose 127 pence to £16.92 in Loodon. Barclays increased lending to individuals and raised loans to and

ports. "A weak euro is similar to a diate threat of deflation, a recesextent and duration" of the slow-rate cut," Mr. Grebe said, sionary trend marked by falling down remain unknown. fees from corporations. This helped the bank recover The report set the stage for a

from a tumultuous year that culminated in the resignation in November of its chief executive, Martin Taylor.

The company said previously that it would take a £250 millioo secondeuro area," it wrote.

Mr. Lafontaine, as host of the it would take a £250 million secondAs it has in previous statements, it meeting, is expected to repeat his half provision related to losses on left the door open for quick action on case for political controls of ex- Russian debt at Barclays Capital, its interest rates, if it chooses: "Down- change rates, an argument that has investment-banking unit, which ward" risks could ensue from future caused tensions with the ECB. Given swung to a loss for the year of £265 turbulence in global markets, and the ECB's opposition to exchange- million from operating profit of

job creation has slowed in sectors rate controls, Mr. Lafontaine's contiexposed to global developments," tinued pressure could worsen relations between Europe's bankers and overall and reduce risk at Barclays Capital. (Bloomberg, Bridge News)

Very briefly:

Barclays Posts LVMH Moet Hennessy Louis Vuittoo SA, the world's largest luxury-gonds company, bought 33 percent of the fashion bouse Michael Kors LLC. Terms of the transacoon

> Russia's trade surplus more than doubled in the final quarter of 1998 after the ruble's drop in August drove up the cost of foreign goods and made exports cheaper, spurring domesoc production. The surplus widened to \$9,7 billion in the fourth quarter from \$4.5 billion in the third quarter.

> • France published a decree in its Official Journal on a golden share" to protect the rights of the state in the planned Aerospatiale-Matra aerospace group. A state representative is to sit on the Aerospatiale-Matra supervisory board as a nonexecutive officer. · Sema Group PLC, Europe's second-largest computer-

> services company, said its second-half profit rose 31 percent. Net income for the six mooths ended Dec. 31 was £34 millioo (\$56 million), up from £26 million a year earlier. Greece sold 384 billion drachma (\$1.33 billion) of seven-

> year bonds at record low yields as part of its strategy to shift borrowing to lower-yielding long-term bonds. Astra AB of Sweden, which is to merge with Zeneca PLC of

> Britain, posted a 15 perceot increase in pretax profit for last year, to 16.44 billion kronor (\$2.06 billion) from 14.3 billion · Finland's unemployment rate rose to 11.0 percent in Janu-

ary from 10.2 percent in December as international demand in traditional industries such as paper and metals declined. A total of 273,000 Finns were without jobs in January, according to Statistics Finland. That was down from 290,000 a year earlier, when the unemployment rate was 12.1 perceot, but up from 253,000 in December. • Electrolux AB, the household appliance maker, said fourth-

quarter profit rose almost fourfold as demand in Europe and the United States offset declining sales in Asia and Latin America. Net income rose to 1.09 billion Swedish kronor from 288 million kronor in the same quarter in 1998. Volvo Truck, a divisioo of Volvo AB, will cut 650 jobs at

EMU-bloc indexes

plants in Sweden. Bloomberg, Reuters, AFP

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MARKETS: 'Contagion Effect' Sent Thai Economic Crisis Cascading Around the World

Continued from Page 1

started the whole mess: They became so accustomed to the long summer days that they came to disbelieve in winter.

When Thailand floated its currency on July 2, 1997, the date that is now regarded as the beginning of the global financial crisis, the only shudder passing through GUM was one of delight - at its rising stock price. Over the next three months

Nobody else was initially very wor- harsh. ried that Thailand's problems would radiate around the world. While some of diate around the world. While some of slump was unexpectedly serious and that Thailand's underlying problems were the initial conditions had been ton tough, ation the Thai stock market rose 7.9 five years.

In hindsight, everyone seems to have made a catastrophic misdiagnosis of the desires and declining to rescue Thailand problem, one that resulted in Thailand's getting insufficient treatment and in exposing other countries to the contagion.

The misdiagnosis was twofold: first, that Thailand probably faced a typical temporary downturn, rather than a staggering depression that would last for years; second, that the problem was largely confined to Thailand rather than the beginnings of a serious global crisis.

The Clinton administration initially saw the crisis as a replay of what had happened in Mexico in 1995, and prescribed the same mix of austerity and aid. So in the late summer of 1997, Treasury Secretary Robert Rubin and his deputy, Lawrence Summers, signed on to a standard International Monetary Fund plan: spending cuts, high interest rates and a repair job on the Thai banking system. But over the protests of the fund, the United States declined to contribute to a

Mr. Rubin still insists that he made the right economic decision, but he seems less sure that he got the diplomacy right. 'I don't think it would have made a

difference economically," he said of a position to the Asian Monetary Fund, contribution to Thailand. "Diplomatic- saying that the plan would not have ally, i don't know." A senior State Department official said

flatly, "In hindsight, it was a mistake." Thailand appealed to Japan for fi-nancial help that summer of 1997, and officials in Tokyo say they thought seriously about arranging a hig package of loans. But in the end they did not, partly because Washington insisted that a resbecause Washington insisted that a resease be made only through the monetary

Treasury opposed the first Japanese Argentina and Mexico also suffered their fund in part because it — along with worst one-day losses ever.

fund and only after imposing tough conditions on Thailand. everybody else, including investors, scholars and journalists — thought that

In retrospect, GUM and its American owners made the same kind of mistake fund initially forced Thailand to accept as the Thai real-estate developers who austerity, including budget cuts and high interest rates. The idea was that sky-high interest rates would attract capital back to Thailand and stabilize exchange rates, but they also ended up devastating otherwise viable businesses.

Many economists, including those at the World Bank, have criticized the people alike wanted the safety of dollars, fund's approach as initially worsening Asia's problems, and even the fund has fell in the Philippines. Malaysia, Inthe stock rose 37 percent, to a new peak. admitted that its budget cuts were too

By early 1998, recognizing that the well known, on the day of the devalu- the fund and Treasury reversed course. They steadily allowed Thailand to reverse percent, its biggest gain in more than planned budget cuts and to ease the austerity, but the damage had been done.

After initially bowing to Washington's directly, Japan became more assertive as it saw the crisis worsen. In September 1997, Japanese officials proposed a \$100 billion bailout plan called the Asian Monetary Fund, to be paid for half by

Japan and half by other Asian countries. This would not have cost the United States a penny, hut Mr. Ruhin was furious about it, partly because the Japanese had not consulted him. He furned as he strolled about the Air Force jet carrying him to the annual meetings of the fund and World Bank in Hong Kong.
Mr. Rubin gathered with Mr. Sum-

mers and other aides in the forward compartment of the plane to plot strategy. As the group nibbled on nachos, Mr. Rnbin complained that the proposal would undercut American interests and influence in Asia, and that Japan would lend the money without insisting on tough economic reforms.

Mr. Rubin and Mr. Summers succeeded in killing the plan, with the help of Europe and China. Many in Asia now regard that as a crueial missed chance.

Treasury officials stand by their opposition to the Asian Monetary Fund, saying that the plan would not have changed anything, for it would have fund's deputy chief. Suddenly contagion saying that the plan would not have taken time to implement and, as Japanese officials later acknowledged, Japan was itself hard up for cash.

"The Japanese plan was vapor," a Ruhin associate said recently. "It wasn't going to happen. It was ill thought

the storm over Asia would pass. Yet something fundamental had changed

Perceptions of risk had altered, and people began to get nervous about holding any Asian currency.

The anxieties became self-fulfilling, particularly as Thailand's economy began to self-destruct. Speculators, stock investors and local business and during the fall of 1997 currencies donesia, Taiwan and South Korea.

Since many Asian countries had probinflated stock and property prices, over-valued currencies and bad loans, it was easy to find similarities to Thailand once people began to look. Just as Western capital had flooded into emerging markets as a group in the early and mid-1990's, now it began to ebb.

Take Barton Biggs, the strategist at Morgan Stanley who a few years earlier had helped ignite the Asian investment boom. As Thailand began to fall apart in the fall of 1997, he made another trip to Bangkok. This time his advice was

"1 really went with the idea that Asia was sold out and bombed out and that there must be some attractive values, he said in a teleconference with investors on Oct. 27, 1997. "And 1've got to say that 1 was disappointed."

Mr. Biggs told investors to sell all their holdings in markets like Hong Kong. Singapore and Malaysia, and to cut by one-third their investments in emerging markets like Thailand and Indonesia

The dominoes began to fall. In late October 1997, right after Mr. Biggs's announcement and partly because of it, the Hong Kong stock market plunged 23 percent over four days. The debacle in Hong Kong suddenly caught Wall Street's attention, and in New York on Oct. 27, the Dow Jones Industrial Average tumbled 554 points, its higgest one-day point loss in history.

was the huzzword, and there were regular meetings on the crisis in the Situation Room at the White House. Yet while White House officials pondered what to do, investors were busy selling. Anything that seemed to hint of emerging markets was dumped, and stock markets in Brazil,

Soon Indonesia was forced to accept a \$17 hillion bailout, later raised to \$23 billion, to which the United States agreed to contribute - an implicit admission that it had made the wrong call with Thailand.

Pressure grew on South Korea, Taiwan, Malaysia, Brazil, Russia and other countries. Everybody seemed alarmed except Mr. Clinton, who in November 1997 tried to sound reassuring.

"We have a few little glitches in the road here," he said. "We're working through them."

Mr. Clinton was perhaps listening too closely to the State Department, for lems with heavily indebted corporations. American diplomats in Bangkok were sending out rosy cables, and their counterparts in South Korea were similarly oblivious to the Korean economy's disintegration, which was then well under

> The State Department missed its cues because historically it had focused on the threats from Communists who carry grenades, not on the threats from business executives who wear neckties and trade currencies. The same was true of the Central Intelligence Agency, which proved itself, in the words of one of its top officials, "completely unprepared to deal with questions of an economic nature.

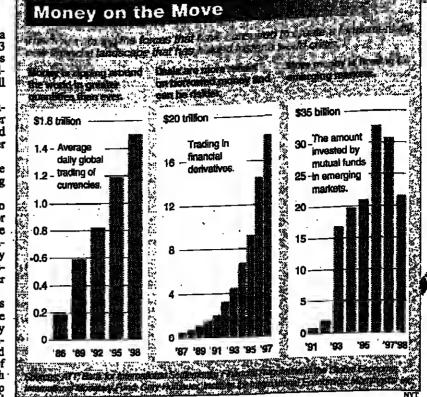
> Yet by Thanksgiving Day 1997, it was clear to all top officials in Washington that South Korea was on the brink of an economic catastrophe. After five hours of conference calls among top American officials, President Clinton telephoned President Kim Young Sam of South Korea and told him he had no choice but

> to accept an international bailout. Mr. Kim bowed to the inevitable and accepted a bailout that swelled to \$57 hillion, the biggest ever. But with that money now flowing into South Korea, Western banks saw a chance to take it and run. The banks called in their loans,

hoping to flee while they could. Mr. Rubin quietly called the heads of major banks and urged them to reschedule their loans, and in the end they did. But the bailout still ended up hol-

stering Western banks. South Koreans lost their businesses and in some cases were even driven to suicide. But foreign banks — among them Citibank, J.P. Morgan, Chase Manhattan, BankAmerica and Bankers Trust — were rewarded with sharply higher interest rates.

Yet in contrast to previous financial crises, which were resolved by banks' effectively paying a good share of the bill, this was a linge bailout with public funds, and the banks did not ehip in



Mr. Rahin defends the bailouts, saying that he "wouldn't spend a nickel" to bail ont banks or investors, but that helping the country often means ensuring that it can pay off its creditors. But critics note that the some of the

biggest beneficiaries are the banks. The effort is harting the countries they are lending to, and benefiting the foreigners who lent to them," argued Milton Friedman, the Stanford University economist and Nobel Prize winner. Mr. Friedman argues that the monetary fund does more harm than good, and be

is hitterly critical of these bailouts. With the collapse of South Korea, investors rushed from any sign of risk. At Morgan Stanley, Mr. Biggs had bought emerging markets early in 1997 for his own portfolio, but now he sold frantically.

Tens of thousands of other investors holdings in emerging-markets funds.

portfolios to pay back shareholders. This meant that fund managers had to away from Korea ended up trampling

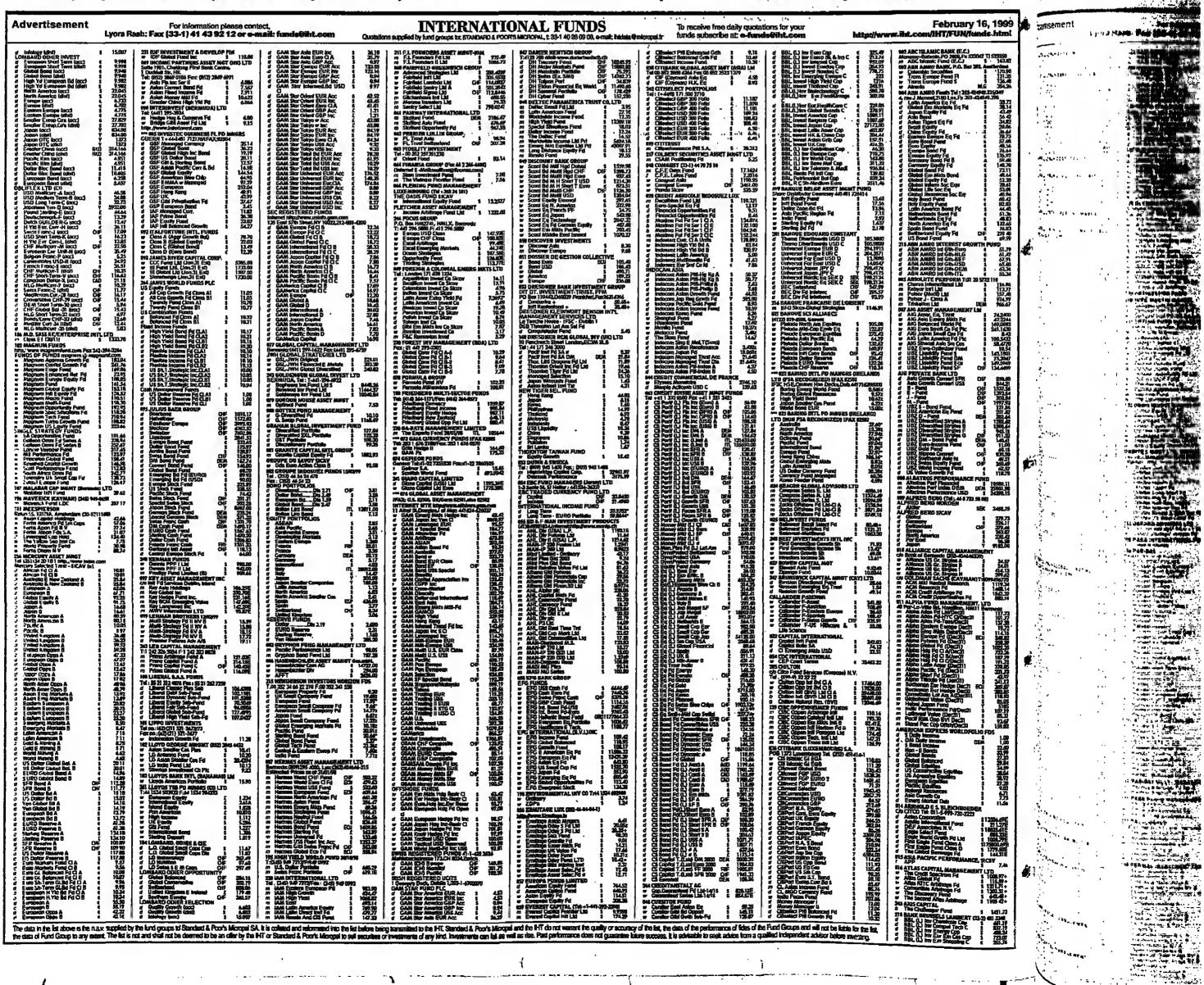
stocks in Argentina and Mexico. The world seemed to be coming apart, and so was the United States government's consensus on what to do. American officials had no intuitive feel for what might happen next.

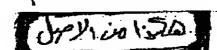
"The nature of the crisis was not understood," recalls a senior official who weathered the thick of the crisis. "We didn't really grasp everything that

was going on." Indonesia has been hit hardest, but what remains unclear is whether it had to suffer at all. Some economists argue that Indonesia was simply the victim of the international equivalent of a drive-by shooting.

Its trade balance was in relatively healthy shape. It had a respectable \$20 billion in foreign exchange reserves and did not squander them trying to defend its currency. Credit had grown more were doing likewise, liquidating their slowly than in other countries, and there was less indication of a bubble. The Sales of emerging-markets mutual funds government initially reacted with forced fund managers to pare down their foresight, going to the fund before any severe problems developed.

Yet in the end the Indonesian currency trim holdings even in distant countries, lost 25 percent of its value, riots cost even in stocks that they regarded as still more than 1,000 lives, and hunger bevaluable. The electronic herd rushing came widespread.





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lab coat long ago to carve out a career in the Switkowski's ultimate boss. corporate world.

pany and most profitable company.

Unsurprisingly, it wasn't Mr. Switkowski's

to take a bet on their head of business and international operations - a man who had joined just 18 months earlier after a yearlong stint at the No. 2 carrier, Cable & Wireless Optus Ltd., and 18 years at Eastman Kodak Co. It was, though, his sharp intellect that put him

ahead of three other candidates.
"He's got unique credeotials, pretty much as close as you get to a rocket scientist, but certainly he's got that unique blend of technology background and commercial expertise," said Australia's communications minister, Richard

SYDNEY — Ziggy Switkowski threw in his worked for Optus. Mr. Alston will now be Mr. at Perpetual Investments.

more competitors come up with new products.

"I think that kind of training gives me some perichant for atoms that enticed Telstra's board confidence when it comes to issues of techoology," he said. Mr. Switkowski worked as a research sci-

entist, which took him to the United States and allowed him a stint at the National Aeronautics and Space Administration. Investors, however, want to see some ev-

infighting, legal suits, poor performance and a delay to its initial share sale.

Mr. Switkowski possesses a studious, re-The soft-spoken Mr. Switkowski admits that served approach to management, far removed On Tuesday, the German-born nuclear scientist capped his career change by agreeing to oew role. He is, though, schooled in the world of an American who has made no secret of his become chief executive of Telstra Corp., Austechnology, which is potentially one of the distaste for negotiating with the politicians who tralia's dominant telecommunications com- greatest threats to the phone giant's profits as control Telstra, which is two-thirds owned by the government.

But Mr. Switkowski will face a oumber of challenges io his new role at Telstra, including increased competition for market share. A vigorous antitrust commission is also trying to cut Telstra's dominance. And the company has been pushing the government to move forward on its privatizatioo.

While he lacks flamboyance, Mr. idence he can convert his scientific prowess into Switkowski's former colleagues say his approfits. His brief period at Optus was marred by proach is methodical and may serve him well as he confronts the myriad issues at the company with 55,000 staff and 17 billion dollars in "There is oo lack of intellect there, but he's annual revenue. He said Telstra's strategy still an unknown in the wider investment com- would be "steady as she goes."

Mitsubishi **Dismisses** 'Speculation'

TOKYO - Mitsubishi Motors Corp. denied Tuesday a newspaper report that it would allow a foreign partner to take a controlling stake in

the company.

The Financial Times of Britain reported Tuesday that the president of Mitsubishi Motors, Katsuhiko Kawasoe, had said he was seeking a foreign partner and would allow a foreign vehicle manufacturer to take a controlling stake.

"That was pure speculation by the reporter, "a Mitsubishi spokes-

Mr. Kawasoe has repeatedly said that Mitsubishi was seeking links with non-Japanese companies. He said in January that be would be open to talks with Ford Motor Co. after the U.S. automaker announced an agreement to buy the passenger car business of Mitsubishi's European partner, Volvo AB of Sweden. Mitsubishi also said Tuesday it

Volvo AB, giving the Mitsubishi group a 50 percent stake in the company, knowo as NedCar.

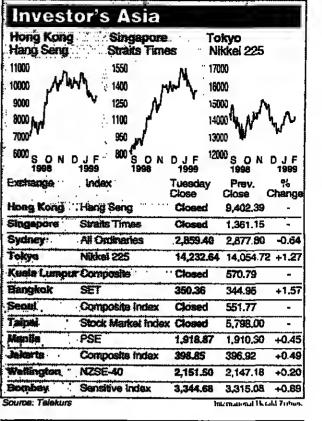
Mitsubishi Motors said it had purchased the stock on Mooday for 110 millioo Dutch guilders (\$56.1 mil-

It said that Nedcar planned to increase production of Mitsubishi models to 130,000 in 1999 from 91,496 last year and to maintain production of Volvo models at

about 150,000. Mitsubishi said in November that it would report a group net loss of 9 billion yeo (\$77.8 million) for the year ending March 31, its second coosecutive annual loss. The sale of a stake would give it mooey to repay

some of its 2 trillion yen of debt. 'Mitsubishi is looking like a vulnerable company," said Marnie Andrew, a researcher at the Economist Intelligence Unit in London.

Shares of Mitsubishi Motors fell (Reuters, Bloomberg, AFP)



Very briefly:

• Japanese exports to the United States of hot-rolled slicer steel plunged 99.3 percent in December from a year earlier, the Ministry of International Trade and lodustry said.

• The Thai government plans to borrow \$5,31 billion, including \$1.20 billion from the World Bank and \$270 million from the Asian Development Bank, for the country's ecooomic restructuring programs in the current fiscal year.

 Daiwa Securities Co., Japan's second-biggest brokerage wants to sell as much as 50 billion yen (\$438,5 million) of shares it holds in other companies in the near future, said Akira Kiyota, Daiwa's deputy president. Daiwa wants to reduce its oearly 150 billion yen in strategic shareholdings.

 Bank Indonesia, the central bank, expects to close down as many as 40 banks by the end of this month, said Syahril Sabirin, the central bank governor.

• NSK Ltd., Japan's largest maker of ball bearings, is to cut about 9,300 workers, or 11 percent of its domestic work force. and close a factory after its first full-year net loss since 1949. NSK is to post a loss of 6.5 billioo yen on a parent-company basis for the year ending March 31 amid falling domestic sales and shrinking overseas profits.

• Isetan Co., a Japanese department-store operator, is to shut its U.S. subsidiary Isetan of America and create two units to manage assets handed over from Barney's Inc. in a bankruptcy settlemeot.

Profits Slump Japan Banks' Loan Goal: March 31 In Electronics TOKYO—Major banks will fin are struggling with as much as 100 Hanshin Bank announced the bad raised its stake in its Nethermarks are struggling with as much as 100 Hanshin Bank announced the bad raised its stake in its Nethermarks are struggling with as much as 100 TOKYO—Major banks will fin trillion yen in problem loans left merger plan last May to bail out the lands Car BV joint venture with

Crownled In Our Staff From Disputcher

TOKYO — The Japanese electronics makers TDK Corp. and Piby the end of March, Japan's fi1980s. oneer Electronic Corp. said Tuesday that a strong yen and sluggish demand for audio-visual products in emerging markets burt their earn-

ings for the latest quarter. Group oet income at TDK fell 42 percent, to 10.7 billion yen (\$92.54 million) in the three months ended Dec. 31, from 18.476 billioo yen in the same quarter last year. Sales fell 11.6 percent to 167.9 billion, from Japan's fiscal year ends March 31: 190.0 billion yen. For the full year ending March 31, TDK forecast its statement did not mean that new group net profit would fall 23 percent, to 45 billion yen, with revenue down 3 percent at 675 billion yen.

Pioneer Electronic said group net profit for the quarter ending Dec. 31 fell 16 percent, to 2.3 billion yen, because of sluggish sales in Asia losses on stockholdings. and Latin America and an increased taxes burden. Consolidated sales tion of the debt facing the overall money Thursday from the govern- troubled banks or move their opedged down 1.2 percent to 147.4 financial system. Insurers, broker-ment-backed Deposit Insurance erations to a bridge bank until a 16 year on Tuesday, to 351 year.

oancial reconstruction minister said

The government gave preliminary approval Friday to funneling 7.5 trillion yen (\$65 billioo) to 15 major ahead of a planned merger. Japanese banks in a massive effort

to help pay their debts. Bad loans remaining from the bubble era will be written off by March," Hakuo Yanagisawa said.

Mr. Yanagisawa added that the problem loans would not arise, but he said the majority of problem loans would be removed. Mr. Yanagisawa also said the

public fund injections would give the banks enough capital to erase Tokyo. The cash infusion is a small frac-

isb writing off their share of the bad over from the collapse of the spec- ailing Midori Bank, which was set debt hobbling the financial system nlative real-estate bubble of the up in 1995 with investments by oth-

> Meanwhile, two regional banks said they would increase the amount take over the oow-defuoct Hyogo of public funds they were requesting Bank Ltd. in a government-proto clean up their balance sheets

> Hanshin Bank Ltd. and Midori Bank Ltd., both based in Kobe, will ies were not expected to bail out jointly seek I trillion yen of public funds, bank officials said. Kyodo oews agency said the fi-

> than initially planned. jection, caused by the banks' underestimate of bad loans, reveals a "bridge banks" to assume healthy morass of bad debt in regional banks loans from insolvent banks and sell that has yet to be dealt with by

nancial support requested by the

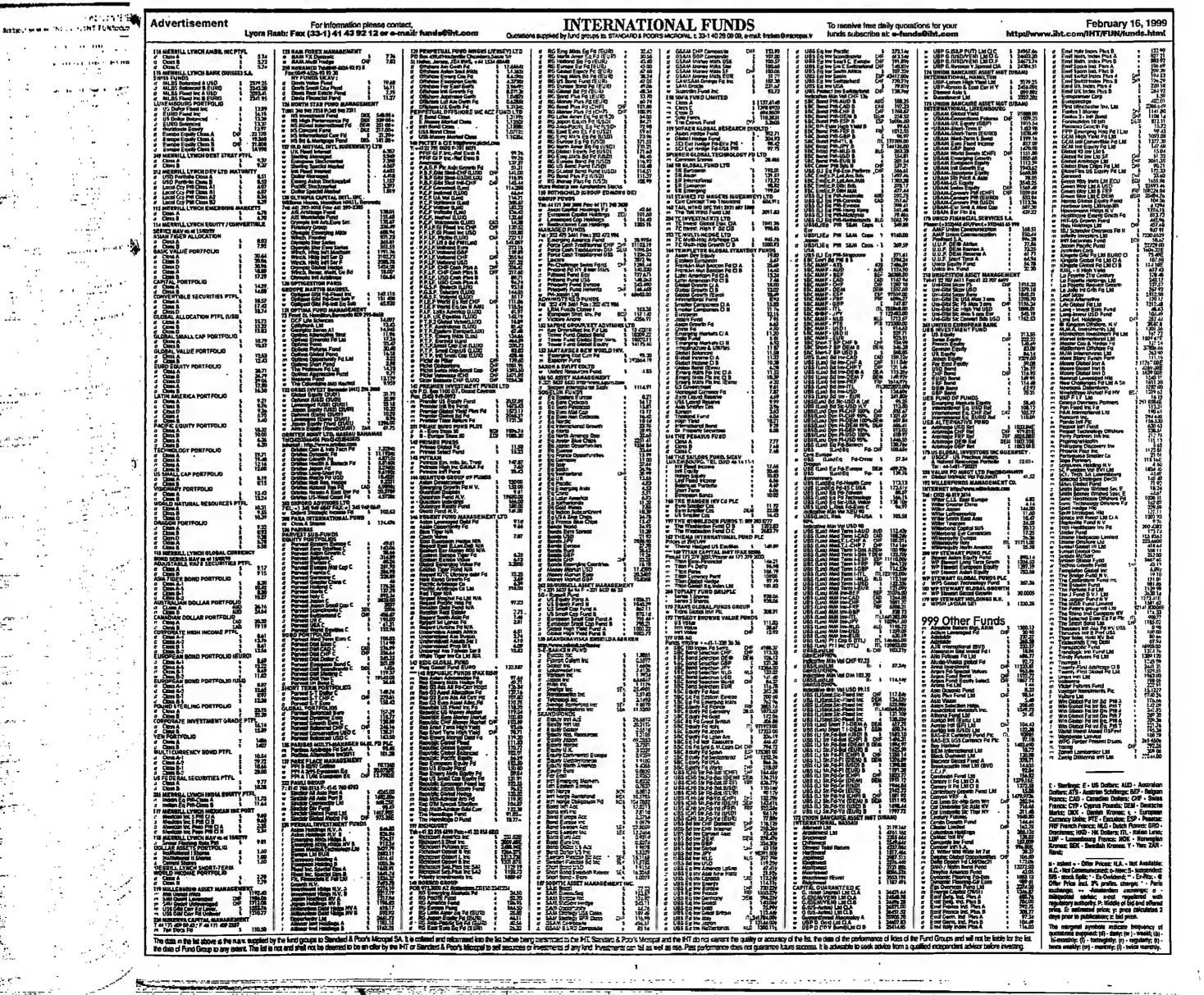
The two banks, which plan to (Reuters, AFP) ages and other financial companies Corp., the bank officials said.

Midori Bank was established to

posed scheme to protect depositors and corporate borrowers in Kobe. Analysts said financial authoritregional banks by the same capitalinjection method being used for

leading national banks. Yukiko Ohara, an analyst at Mortwo banks was 370 billion yen more gan Stanley Dean Witter, said it was not possible to inject public money The plea for a buge rescue in- into the weak regional banks, but he the rest or into special public receivership.

Under Japan's banking legislamerge April 1, were to request the tion, the government can nationalize merger partner is found. (AP, AFP)



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Players Win One

BASEBALL Derek Jeter became the first player this year to beat a club in salary arbitration when he was awarded \$5 million Tuesday. The arbitration panel rejected the New York Yankees' \$3.2 million

offer to the All-Star shortstop. Jeter matched Ruben Sierra's 1992 salary with Texas as the second-highest awarded in arbitration. The only higher award is the \$5.3 million pitcher that Jack Mc-Dowell got from the Chicago White Sox in 1994, even in losing his case.

Jeter made \$750,000 last year. Ray Durham, a second baseman who had beeo scheduled for a hearing. instead agreed to a \$20 million, four-year contract with the White Sox on Monday.

3 Horses Killed in Race

HORSE RACING Three horses were killed in a race at Sedgefield in northern England on Tuesday. Three horses fell at the first fence

of a novices' steeplechase. They got up without their riders, ran in the opposite direction and plowed into the rest of the field, bringing

dowo six more horses.
"It all happened in a split second," said Lorcan Wyer, one of the iockeys. "I managed to avoid two loose horses but had oo chance with the other one." (Rewers)

White Definitely Retires

FOOTBALL Reggie White, 37, the self-styled Minister of Defense, gave his retirement letter to Ron Wolf, the Green Bay Packers general manager, Monday. White said his only consideration was "what I think the Lord wants me to do."

White, the NFL's career sack leader, retired and unretired before

Wolf said that the league has asked teams not to retire more play-er numbers, but he won't let No. 92, White's oumber, appear oo a Green Bay uniform. Wolf said, "No one will wear that number as long as I'm here.'

A Modest Place in History

ICE HOCKEY Mush March, 90. who scored the first goals at Toronto's Maple Leaf Gardens, which staged its last NHL game Saturday, and at the old Chicago Stadium: "What the heck? It was just a game, and I was just a play-

Ferreira Knocks Out Seed TENNIS Thomas Enqvist, the No.

7 seed, was eliminated from the indoor world tennis tournament in Rotterdam on Tuesday, 7-6 (9-7), 6-3, by Wayne Ferreira.(AP)



on his way to a two-set victory Tuesday over Jan Siemerink.

24 Popeye's Olive

25 Schlemiel

26 Walrus hunte

31 Pub. workers

32 Collar stain

33 Butts of jokes

36 Middle of the

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28 Yankee legend

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14 Job for a body

15 Beohdad native

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WORLD ROUNDUP Italian Sailor Rescues French Race Leader

Autissier Was Adrift in Isolated South Pacific

SANTIAGO — Isabelle Autissier, a French competitor in a solo round-the world race, was rescued unharmed Tuesday from her capsized boat in the South

The Chilean Navy said Autissier was rescued by a fellow competitor, Giovanni Soldini of Italy, 24 hours after sending a distress signal.

"I'm on an Italian tour now and not unhappy about it," Autissier, 42, said in viving. She's a fantastic person." a message telexed via satellite from Soldini's boat, Fila. Soldini said they would celebrate by

cooking pasta with parmesan cheese and washing it down with red wine. Autissier was the overall leader of the Around Alone race when her 60-foot (18.5-meter) yacht overturned on Mon-

day.

Autissier said in her message that an error by the automatic pilot sent her yacht, PRB, upside down very quickly. 'I just had time to close the door' to the cabin, she said.

Soldini said he had been lucky to spot

Autissier's yacht. He sailed close to PRB and threw a hammer at the hull to signal to Autissier that he was there. She came out and rowed to Fila in a life raft.

Autissier said she was capsized "hy moderate winds of 20 knots," which her team members in Paris said were oormal conditions for that area of the Southern Pacific near Antarctica.

With no known commercial or private shipping in the isolated ocean between New Zealand and Chile, organizers said the yachts participating in the race represented Autissier's best chance for sur-

Soldini was 200 miles (320 kilometers) and at least 10 hours away when he turned sooth into heavy seas to reach Autissier. Commander Nilton Duran of the Chilean Navy said that the weather had improved at the time of the rescue and that winds had slowed to about 30 "I am heading for PRB," Soldini told

IOC Extending Deadline for Cities to Reply

LAUSANNE, Switzerland — The International Olympic Committee exten-ponent. ded the deadline on Tuesday for

breaking behavior by ICC members. that several cities had asked for - and received --- more time to respond.

In the wake of the scandal surround-Winter Games, Juan Antonio Samaranch, the IOC president, asked last month for any concrete evidence of misconduct hy IOC members in other city

Details of the replies so far were not disclosed by the IOC. Japanese Olympic officials said they would tell the IOC that nine committee members might have broken rules during Nagano's successful hid for the 1992 Winter Games.

In Santiago, Chile, Cristian Rodriguez, the secretary of the Chilean National Olympic Committee, quit Monday after being implicated in the Salt Lake City scandal. The Salt Lake City report into its own

hid revealed that Rodriguez acted as an intermediary to help President Sergio Santander, the head of the Chilean Olympic committee, obtain more than \$20,000 from the Utah city. Mr. Santander is one of five IOC

members due to be expelled at a special International Olympic Committee ses- the more this discretioo - in effect to sion in March. He is in a clinic suffering from depression.

(AP, AFP)

exercised.

CROSSWORD

23 Injure 27 Bad reviews

26 Ship refueling

26 Water (down)

. 30 Composer Stravinsky

the Race Operations Center in Char-leston, Sonth Carolina, by radio before beading to Autissier. "I'm not letting up until I have found Isa."

The rescue came 2,070 miles west of Punta Arenas, Chile's southernmost city. "Everybody is in awe of Isabelle's knowledge and ability as a sailor," Peter Ratchman, the race director, said before the rescue. "If she's in a difficult sitn-

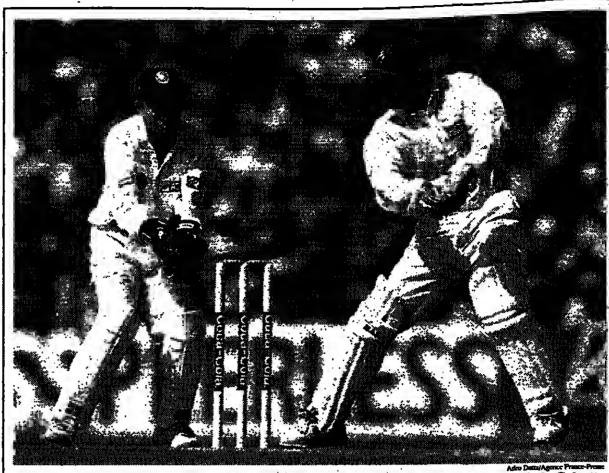
ation, she has the best chance of sur-Duran said Fila would stay in the race and was expected to reach Uruguay in seven to nine days. The 27,000-mile race, which features a dozen yachts, began in Charleston in Angust and is to

end there in the spring.

Autissier was in second place in the third leg before her vessel capsized on Monday. Earlier in the day, she had enthusiatically described freezing sailing conditions.

A beautiful morning, with snowy squalls alternating with sunshine, which melted the snow," Autissier said. But later that day she used a hand-held

satellite telephone to contact her race team in France. Her crackling message, lasting only seconds, said simply that she had capsized.



HITTING BACK — Moin Khan, a Pakistan batsman, square driving Tuesday against India in Calcutta on the first day of the opening match in the three-nation Asian Test championship. Pakistan lost its first six wickets for 26 runs in the first hour, but recovered to reach 185 all out. Moin Khan was Pakistan's top scorer with a battling 70. At the close, India had reached 26 for one wicket in its first innings.

Fair Play Returns to Playing Fields of England

ONDON - A soccer match is annulled, and will be replayed I next week, though no sporting law was broken. How can that be right? There is good reason. It is called fair play or, from a half-forgotten era, the Cor-The English are Corinthians again, so

all's fair with the world I hear you sigh, However, though the setting was one of England's oldest playing fields, the principles were mostly from other coun-

Last Saturday's FA Cup match be-tween Arsenal and Sheffield United in London was locked at I-1 when a Sheffield player went down injured in the Arsenal penalty box. He was obviously in distress, and a Sheffield colleague kicked the ball out of play to allow him medical attention. When play resumed, Ray Parlour of

Arsenal attempted to hooor the convention that applies throughout the world by tossing the ball to the op-Unfortunately, Nwankwo Kanu, a Ni-

Olympic bid cities to tell it about rule- gerian making his Arsenal debut, insed the ball to his tercepted it and The IOC said that it had received Dutch teammate Marc Overmars who some replies by Monday's deadline, but scored with hardly a Sheffield man making the effort to prevent him.

Sheffield United stood like sightseers at a road crash while their goal was ing Salt Lake City's bid for the 2002 breached, and reacted liked rohbed inoocents. Maybe in the modern game, where sport caves in to winner-takes-all business, they were naive to stand aside under the presumption of fair play. Referee Peter Jones felt be had no

power to overrule the goal. Actually, the arbiter did have a choice. He could have deemed Kanu guilty of unsporting be-havior (FIFA disciplinary Rule 12) and cautioned him with a vellow card. That would have assumed the Nigerian was fully aware of what led to the throw-in. and Kanu swears he was not. The player made a mistake, and Overmars kicked the ball into the net without considering the justice of the moment.

Jones believed them. It was a high essure, televised match, unlike a lower division English league game between Wrexham and Preston last mooth where another arbiter disallowed a goal in similar circumstances. On that occasion, the referee applied common sense; the high-er you climb in officialdom these days,

World Soccer/ROB HUGHES

The International Football Board, which ratifies the rules, meets in Britain this weekend but is unlikely to consider the simple option of enshrining in law bers of FIFA," said Davies, "and their the practice that FIFA has successfully slogan is Fair Play. We wanted to show urged on players to give the ball back after an opponent needs urgent treatment. There would, claims PIFA, be a book thicker than a London telephone directory if every possibility was written

So the onus shifted from a referee who powerless to intervene, to the team which gained an unsporting victory.
"We feel it is not right," said Arsene

Wenger, the Frenchman who coaches Arsenal. "We feel that we didn't win the game like we want to win our games. The best we can do now is to offer Sheffield United to replay the match."

FOREIGNER in England's na-A tional sport offering the English a reprise of the Corinthianism that they invented along with the original rules of the game?

It appears Wenger had discussed with his board and an FA official at the game, le beau geste. Moreover, from English soccer officialdom, renowned for movcame within the hour a heartfelt acceptance. Cynics rushed in. This, they said,

would be a deadly precedent, would encourage the cheats to push for any loophole and seek endless causes to have their defeats overturned. Doubtless some will try. But David

England's Football Association, cleverly offered the high ground to FIFA, the rulers of world soccer, "We are memeverybody that fair play matters in this

Touché. The ball was in FIFA's court and sure enough Sepp Blatter, the president of FIFA, kept it in play by responding: "It was a wonderful gesture. Both Arsenal and the FA behaved in the followed the thin rule book and felt best spirit of the game, and FIFA applauds this unique gesture." So, a full-blooded replay at Arsenal's

London stadium takes place Tuesday. The 38,000 fans will be admitted for half the normal price, and even the players accept that to labor twice for the same end is better than to have won or lost

'The decent thing has been done,' said Martin Keown who is the Arsenal spokesman for the players' union. "It shows the true spirit of the game, it is without ulterior motive, and is an upby players feigning fouls and attempting to fake penalties.

Keown, in fact, played no part in Saturday's encounter. He was, like ing with elephantine slowness, there many an Arsenal player over the last nine years, serving a suspension for foul play, though he is available for the re-

It is one of those ironies that cling to Arsenal, and the ultra-competitive, pragmatic style with which it pursues trophies. The players' misdemeanors, both before Arsene Wenger's arrival and Davies, the acting chief executive of since, and their challenges to authority

on the field are legion. Monsieur Wenger has been an apologist for that sorry disciplinary record but oow, with one bound, he is the high priest of fair

Yet being churlish must not be allowed to offend the spirit of the gesture. he made. Between Saturday night and Sunday afternoon, I journeyed from London to Barcelona where, to a man, the players, coaches, directors and journalists at Barcelona versus Real Madrid embraced the new spirit of the "English" Fair Play. Naturally, I played my small, ennobled part in the afterglow because, in a sea of sport contaminated from the Olympics to the World Cup, the odd ripple of sportsmanship really does

Rob Hughes is chief sports writer of The Times of London. ■ FA Targets Keegan for England

Geoff Thompson, acting chairman of the FA, said that he would be prepared to appoint Kevin Keegan as England manager even if Keegan only did the job part-time until the end of the season, auers reported from Loudon.

Keegan is chief operations officer at Fulham, an English second division team. He had talks with Thompsoo on Monday and again Tuesday.

The FA said there would be more

meetings Wednesday with Keegan's desire to complete the remaining 18 mooths of his contract at Fulham the apparent sticking point.

Keegan is a former England striker.

and team captain. In his previous coaching job, he led Newcastle United from the hottom of the second division tosecond place in the Premier League.

One of Baseball's Greats: Marvin Miller

TEW YORK — One day in the late 1970s, Bowie Kuhn, then the commissioner of baseball, invited Marvin Miller, then the executive director of the Major League Players Association, to lunch for the first and only time. At one point Kuhn said to Miller, his adversary of more than 10 years: "Look, Marvin, yoo've beaten the owners at every turn. And now the owners oeed a victory."

Miller, as he recently recalled, couldn't believe his ears.

"Bowie," asked Miller, "are you aggesting I throw the game?"
Miller did not, and the owners continued their losing streak. The owners lost at every turn, as Kuhn said, because one man had on his side the insight, the foresight, the experience, the courage and the style — unruffled, unflappable, undeterred — as well as the U.S. Constitution and labor law. Miller led the players, often at dramatic junctures, out of virtual subservience and into the democratic system of America.

A man of medium height, with a mus-tache and a quiet, patient demeanor, Miller took over in 1966 as executive director of a loosely organized group of ballplayers, with assets of a file cabinet and about \$5,400. He shaped them into what many believe is the most successful union not just in sports, but in the history of American labor.

Not only did he work to raise the level of earnings — the average salary of a major-leaguer when he began was \$19,000 a year, it is now \$1.4 million but he helped improve playing condi-tions, from padded ontifield walls and better-defined warning tracks to safer locker rooms. He even helped improve play, according to Henry Aaron, allowing players more financial freedom to remain in better shape during the off season instead of having to work at jobs like insurance salesman (Aaron) or sporting goods salesman (Andy Pafko).

He was also instrumental in improv-

Vantage Point/IRA BERKOW

allowing the visiting team to get away earlier. And he gave players the freedom that other American workers had — his cataclysmic battle for free agency ended the reserve clause, which had prevented players from bargaining for their services oo the open market. As a result, a greater oumber of teams won pennants than ever before, attendance figures broke records season after

Miller is as important to the history of baseball as Jackie Robinson.'

season, and the value of teams increased

(the Yankees were purchased for \$10

million in 1973 and today are worth \$600 million or more). Along the way, he also took one of the poorest benefit plans and built it into one of the best.

Jim Bunning, now a U.S. senator and a Baseball Hall of Famer who, along with Robin Roberts and Harvey Kuenn, led a players' committee to hire someone to lead their meager union, once said, "The two proudest things I take out of baseball were the perfect game I pitched and being part of the selection group that chose Marvin Miller as executive director."

Aaron, the home-run champion and now senior vice president of the Atlanta Braves, once said, "Marvin Miller is as important to the history of baseball as Jackie Robinson.

And Roberts, the Hall of Fame pitcher. said: "I don't know of anyone who changed the game more than Marvin Miller. His legacy is that, through his work, ballplayers for the first time attained dignity from owners. He changed a monopoly into a more realistic setup. He deserves to be in the Hall of Fame. Two weeks from Monday, on March

2, the Veterans Committee of the Base-

clusion of new members in their shrine. One of the leading candidates is Orlando Cepeda, the fine first baseman whose best slugging years were with the Giants and the Cardinals. His recently published autobiography, "Baby Bull," written with Herb Fagen, ably presents the case for Cepeda, who was once imprisoned for 10 months in Puerto Rico for possessioo of marijuana. Cepeda's baseball accomplishments should merit him selection to the Hall of Farne, just as Miller's do.

But in his way, Miller, who was born in the Bronx in 1917 and who retired in 1985, and lives in Manhattan, is as cootroversial a choice as Cepeda. Miller is still resented by owners, but shouldn't be. Owners, who feared a thinning of

their substantial pocketbooks, had presented him as an ogre from the moment he took his positioo. He was painted by them as one among "union goons" for his work as chief economist and oegotiator for the United Steelwork-

Kuhn declared on the witness stand in a courtroom that free agency would "ruin" baseball

When Miller once went to a springtraining camp to talk with players in an outfield meeting - they had been refused use of the locker room - Leo Durocher, the Astros' manager, fungoed baseballs in an attempt to hit Miller.

But virtually by himself, one decent man, with knowledge and the mission to do the best job possible, beat the owners with their teams of lawyers and press agents, time after time after time.

Despite the overwhelming resistance, he helped improve both the game and the lives of players - and, as it turned out. the lives of the owners, as well. And not just in baseball, but, eventually, in all team sports in this country. The Veterans Committee would dis-

tinguish itself and do what is right and He was also instrumental in improving scheduling, such as doing away with
night games on the last day of a series —

York, will gather and vote on the inMiller into the Baseball Hall of Fame.



Solution to Puzzle of Feb. 16

52 Agony 53 End of the

se Language of 380 million 60 Sports figure 63 Just kidding around 64 Clears

43 Sch. for 46 Fateful day 66 Quits 47 Davis of Hollywood 87 Not just a trio 48 Hunger (for) DOWN

1 Words of praise Mouthing of 4 Night light 5 Totally uncool

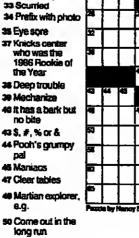
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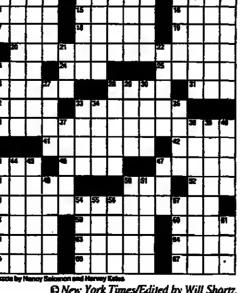
22 1990's sitcom

50 Come out in the long run \$1 Actor Claude 54 "What's ----?" \$5 Ckie 12 Slew a vampire ss Dope 13 Raft steerers 57 Am't correct?

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FOR INVESTMENT INFORMATION Read THE MONEY REPORT every Saturday in the IHT.



@ New York Times/Edited by Will Shortz.

JAVIOO 135 D

SPORTS

Jazz Overcome Williams and Webber Dazzle To Beat Kings

WEDNESHAY FIRM ARE THE

ls of England

its: Marvin Ville

The Associated Press The original Stockton-Malone com-

bination is still better than the upstart impersonators from Sacramento, John Stockton and Karl Malone held

off a spirited charge from Jason Wil-jiams and Chris Webber as the Urah Jazz eat the Kings 120-112 in overtime Monday night.

Sacramento appeared ready to upset the Jazz, thanks primarily to standout

NBA ROUNDUP

efforts from the rookie point guard Williams and the newly acquired Webber that sparked memories of Stockton and Malone in their early days.

In just his fifth professional game,

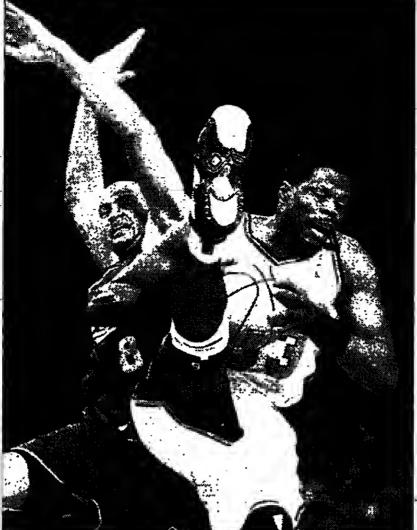
Williams had 19 points and seven assists, while Webber bad 26 points and 11 rebounds before fouling out early in

Malone hit five free throws in the final minute of regular time to force overtime, and the Jazz made a 9-2 run to start the extra period and run their record to a franchise-best 6-0.

Stockton scored eight of his 10 points detribut Therefor again. Indiana Tin the fourth quarter and had 15 assists. on Tool champsonship. Pakestar lestigs a till all out. Main Chan was Pakestar Malone, despite shooting just 8-for-20 from the field, led the Jazz with 26. points and nine rebounds. Bryoo Russell had 25 points — seven in overtime and 26 Seef unter wiebel in in liebt an and nine rebounds.

All the moral victories, however, belonged to the Kings (2-3 with just one home game so far), who appear transformed from the moribund franchise that midcourt whenever they could and held made the playoffs just once in the past 12 years. With Williams and Webber, they may have a young go-to combinatioo similar to the one that has served the Jazz bounds and 7 blocks as the Heat handed warriors 101, Timberweives 89 Rookso well for so long.

Knicks beld the rest of Detroit's players paced the Nets with 19 points.



Knicks' Patrick Ewing, right, muscling Pistons' Bison Dele for a rebound.

in check. Allan Houstoo scored 19 points, Patrick Ewing had 14, Larry Johnson 12 and Charlie Ward 10 for the Knicks, who double-teamed Hill oear

New Jersey its third straight loss. P.J. Knicks 78, Pistons 69 In New York, Brown chipped in 12 points and nine including the game-winning tip-in with Grant Hill scored 31 points, but the rebounds for Miami. Keith Van Horn four seconds left, as Golden State woo at

Suns 115, Nuggets 106 Jason Kidd had 28 points, 13 assists and 11 rebounds and George McCloud added 24 points as winning streak since they won a league-Phoenix woo in Denver. Trail Blazers 99, Mavericks 84 In Port-

land. Arvvdas Sabonis had 16 points, 10

ie Antawn Jamison scored 21 points, home against Minnesota.

Rams Scramble for Quarterback

Compiled by Our Staff From Departures

The St. Louis Rams continued their burst of activity wheo they lured Trent

Green, a 29-year-old free-agent quarterback, from the Washington Redskins may not keep him. with a \$16.5 million, four-year contract.
The Redskins then traded three draft

nicks to Minnesota for Brad Johnson, who began last season as the Vikings' starter but then suffered a broken leg, returned and broke a thumb.

The Rams, who promised to be active in the free ageocy period that began Friday, signed Green on Monday, a day after they had signed Adam Timmerman, an offensive guard who played for Green Bay last season, to a five-year, \$18.7 million contract

Green began the 1998 seasoo as thirdstringer for Washington, but he started 14 games, completing 278 of 509 passes for 3,441 yards and 23 touchdowns.

offer to Tooy Banks, last year's starting quarterback, on Monday, but eveo if they sign the restricted free agent, they

"I believe Tony Banks will be a starting quarterback and a very successful playoff quarterback, 'said Dick Vermeil, the Rams' coach. 'It just doesn't quarterbacks was not surprising.

look like it'll end up being here."

The Redskins gave the Vikings the 11th overall selection and a third-round pick in this year's draft, and a second-round pick in 2000. The trade was subject to Johnson's passing a physical. Rich Gannon, a career backup quar-

terback, was also handed a starting job Monday when he signed with the Oakland Raiders.

the NFL as a backup and spot starter for away, and in some cases, they don't Minnesota, Washingtoo and Kansas recover from it."

The Rams also made a qualifying City. He reportedly received a four-year. \$16 million contract as the replacement for Jeff George, whose two-season stay in Oakland was largely a disappointment.

Leigh Steinberg, the California lawver who represents a stable of quarterbacks

'It's about the incredible need for quarterbacks in this league and a supply that hasn't kept up with the demand."
Steinberg said. "You've got a wicked pass rush shortening careers, and a lot of young quarterbacks oot living up to their potential. The salary cap is part of that. Instead of having two or three years of fonday when he signed with the Oak-ind Raiders.

Gannon, 33, has spent his 12 years in forces teams to play these guys right

Penguins Remain Hottest Team on Ice

The Associated Press • Senators 6, Blackhawks 2 Alexei since Feb. 4, but still finished with his Jaromir Jagr, the league's leading scorer, had a goal and three assists as the Pitts burgh Beaming men their 10th Wade Redden added two goals for Ot-Pittsburgh Penguins won their 10th

straight game. German Titov and Alexei Morozov

each scored twice on Monday as the Penguins beat the visiting Washington Capitals, 7-3, to extend the second-Penguins beat the visiting Washington Capitals, 7-3, to extend the second-

NHL ROUNDUP

longest winning streak in team history. Jagr, the National Hockey League's leading scorer with 85 points, now has 25 points during the Penguins' longest

scored twice to the first 2:37 as Stars improved to a league-best 33-10-9. Sabres 3, Hurricanes 2 Michael Peca

broke a tie in the third period and Dominik Hasek made 36 saves as Buffalo beat visiting Carolina.

tawa against Chicago. Shawn McEach-

New Jersey defenseman Lyle Odelein fourth straight road victory. tipped a shot past Martin Brodeur, giving Toronto a tie in New Jersey.

Whitney scored two goals, including oce with 6:17 to play, as the Panthers and San Jose skated to a tie. Whitney blasted stars 4, Offers 1 Dallas proved just how tough it can be defensively as it beld Edmonton to just 13 shots. Brett Hull scored twice to the first 2.22 in Table 1. The tie was Florida's game losing streak for Tampa Bay. The listanders are winless in their last five.

Blues 8, Camucka 4 Pierra Tour III shots. Brett Hull gave the visiting Sharks 2.21 in the first 2.22 in Table 1. The tie was Florida's game losing streak for Tampa Bay. The listanders are winless in their last five.

Blues 8, Camucka 4 Pierra Tour III shots. Blues 8, Camucka 4 Pierra Tour III shots. 10:50 of the third period.

Rangers 7, Prodators 4 Wayne Gretscored twice as New York snapped a Nashville. Gretzky has oot scored a goal throat by a shot.

strom tied the score oo a power play in the ern and Vaclav Prospal also scored for the Senators, who managed only nine goals in their previous six games. second period and got the go-ahead goal on a penalty shot with 13:20 remaining as Anaheim won in Los Angeles. Paul Kariya scored his 24th into an empty net with 51 seconds left to secure the Ducks'

Lightning 3, Islanders 3 Vincent Lecavalier assisted on ooe goal and then Sharks 2, Panthers 2 Florida's Ray scored with 9:31 left in regulation as visiting Tampa Bay won, Lecavalier had a wide-open shot from the left crease after a cross-ice pass from Pavel Kubina a slap shot past Steve Shields from just for his ninth goal. The tie ended an eightgame losing streak for Tampa Bay. The

Blues 8, Camucks 1 Pierre Turgeoo had a goal and two assists and Pavol Demitra had three assists as St. Louis snapped its five-game home losing streak. The zky had five assists and Adam Graves Blues' goalie, Jamie McLennan, made 10 saves in the first two periods before three-game losing streak by winning at being takeo out after getting hit in the

SCOREBOARD

BASKETBALL

New Jersey 24 17 14 17—72
Mitani 16 31 22 26—95
N.J. Van Harn 7-16 4-4 19, Williams 5-9 00 10: Art. Mourning 12-18 10-1834, Broten 5-10
2-5 12. Rabounds—N.J., 49 (Cid. Williams 9),
A. - 64 (Mourning 17), Assists—N.J., 10
(Kithes, GB. Boykins, Burrell 2), M. - 14
(Hordowoy, Moleris, Porter 3),
Socramagna 29 23 24 27 5—113
Usan 29 22 22, 17—123
S: Webber 11-31 4-6 26, Williams 6-17 3-3
19; U. Maloree 8-20 10-10 26, Russell 8-11 7-8
25. Rabounds—Socramento 41 (Webber 11).

1% U: Mounte 8-20 10-10 25, Poissell 6-17-4 25, Rebounds—Socromento 41 (Webber 11), Utah 56 (Russell, Molono 97, Assists—Socro-mento 24 (Williams 7), Utah 34 (Stockton 15), Pheents 19 39 21 24-115 Dennts 23 17-23 31-104 P: Kidd 9-17 10-13 28, McCloud 9-13 1-2 24: D: Sith 4-11 9-9 23, Van Exel 7-17 5-7 21.

U.S. COLLEGE SCORES

MEN

LEADING COLLEGES Wis.-Green Bay 74, III.-Chicago 40 MONEN

No. 25 Absburns (16-8) del. Florida 75-73. THE AP MEN'S TOP 25

Top 25 teams in AP's men's college baskethell poll, with 1st-piece votes in

parentheses, records through Feb. 14, total points based and previous trailing. Phs Pvs 1, Duke (64) 25-1 1,744 1 2. Contracticut (6) 22-1 1,677 3 3, Authorn 24-1 1,605 3 4 Michigan St 22-4 1,607 3 4 Michigan St 22-4 1,600 1,540 1,448 1,244 1,256 1,195 1,164 1,061 578 832 834 737 751 476 410 307 410 308 718 195 167

60, Term. 46, Texas 43, Oktoborna 42, Ari. 40,

ICE HOCKEY NHL STANDINGS

| Lecrovalies | State | State

First Period: T-Berard 7 () Retissor Marriner 2, T-D.King 18 (Kohn, Sullivan) 3, 11 - Demission 13 (Rolston, Bambardin) 4

CALVIN AND HOBBES

- Edmanton 1 0 0-1
Dolles
First Pariod: D-Hull 22 (Modono, Hurcher), 2 D-Hull 23 (Lehtinen, Modono) (pp), 3, E-Weight 3 (Murmy, Goerin) Second Pariod: D-Manshall 10 (Zubor, Nieuwendyk) (pp), 5, D-Nieuwendyk 12 (Longenbrunner, Sydor) Thard Pariod: None, Stats an gook E-4-3-6-13, D- 13-10-4-27. Goellies: E-1essenso, D-Bellour.

CRICKET

INGLA VE. PAKISTAN TUESDAY IN CALCUTTA

GOLF

3. Lee Westwood, England, 3,282.00
4. Miguel Angel Jimenez, Spain. 2,780.00
5. Svan Struver, Germany, 2,640.00
6. David Howelt, England, 2,162.00
7. Jarmo Sandelin, Sweden, 2,090.00
8. Andrew Collart, Scotland, 2,043.00
9. Roberl Karlsson, Sweden, 2,005.00
Alex Cellar, Germany, 2,005.00
11. Paul McClinley, Ireland, 1,602.00
12. Patrik, Sjoland, Sweden, 1,590.00
13. Pietre Fulke, Sweden, 1,543.00
14. Bernhard Langer, Germany, 1,369.00 14. Bernhard Langer, Germany, 1,369.0 15. Steven Websier, England, 1,325.00

TRANSITIONS

BASKETBALL NATIONAL FOOTBALL LEAGU CLEVELAND—Agreed to terms with C Dave follabough and P Claris Gardocki.

Washington for 1999 1st- and 3d-round draft picks and 2000 2d-round pick.

year controct. Re-signed DB Wade Wilson. Signed WR Chris T. James. PHILADELPHIA—Released WR Jeff Gra-

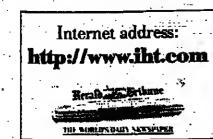
year contract,
TAMPA BAY—Signed CB Rangid Baile),
TENNESSEE—Signed DE Milke Jones.
HOCKEY
NATIONAL NOCKEY LEAGUE
ST. LOUIS—Acquired D Jeff Finley and D
Geoff Smith from N.Y. Rangers for future
considerations. Recalled G Breat Johnson

DENNIS THE MENACE



YOU DON'T HAVE TO BE AFRAUD OF MR. WILSON,

LEERD VOCENX HUBELS



ANTHRE LARVA CLOVE TANGLE

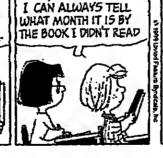
PEANUTS



GARFIELD

THIS IS THE BOOK I DIDN'T READ IN DECEMBER ONE I DIDN'T READ IN JANUARY



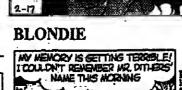




IF IT ISN'T CUT SHORT BY WHAT'S

BEETLE BAILEY

























NON SEQUITUR



Commence of the contract of th





The Scots Fight Back

POSTCARD

By Warren Hoge

OCHINVER, Scotland ---"Haste ye back," the road stony coastal villages, where the grass is bent sideways by man, and set up its own cothe ceaseless wind. But the operative self-government, It hearty Scots summons has is called the Assynt Crofters' rung hollow for many people Trust, named after the loch from here for centuries.

where hundreds of thousands kilometer) estate and the hardof seillers were driven off scrabble farmers who have their properties to make way for sheep farming by rapacious landlords in the infam-

ous Highland "clearances." They were burned out of private hands belongs to just their thatched cottages and off 350 people, and just 1,500 their fields and packed onto private estates cover 80 perships bound for the colonies cent of Scotland. Among the Scotland's fcudal land-ownive foreign investors, pop
ing system on small patches stars, offshore companies and of land called crofts along the wealthy people from Loninfertile rocky seaside.

events happened in the early treat their properties as compart of the 19th century, for modities to be traded on forthe descendants who still live eign markets or use them as on this unforgiving land they hunting and fishing retreats. are as fresh as yesterday.

Ave, it's a deeply ingrained feeling here, you For generations, residents must never lose sight of have had their land sold out that." said Allan MacRae, 59, from under them with no whose great-grandfather was knowledge of the transaction among those evicted. "There or the new laird to whom they is a deeply rooted resentment." But the foudal land- Some cottage dwellers recogowning system is more than a

memory. It still exists. "It was set up in the 12th century to impose some order Dewar, local communities on, you know, the mad Scots, and it has not changed since," estates at market value and be said Daniel Morgan, a doc- able to tap National Lottery toral student of the subject at

Edinburgh University.
Now, almost 900 years later, change is being pro-posed. Scolland gets a new Parliament in May, and Don-through share dealing, for ex-ample, or consistently disreg-arded the interests of the local ald Dewar, Britain's secretary for Scotland, has announced that its first order of husiness munity compulsory.

would be reforming the ancient landholding structure.

On his mind as he spoke was a community of 13 hamlets next to Lochinver that six signs say as you pass by these years ago bought itself from its owner, a Swedish businessthat runs along one side of the This wilderness area was 178-square-mile (460-squarebecome at once individual

holding landlords, or lairds. Half of Scottish land in or forced into servitude under lairds are aristocrats, reclusdon's financial sector who Although these convulsive live far from Scotland and

tenants and collective share-

owe their "feus," or land fees. nize their absentee owner only hy his bank account number.

Under the plans laid out by money to help raise the purchase price. In cases where lairds tried to sell land secretly. people, the government could make the purchase by the com-

An Outsider Takes On Covent Garden's 'Mess'

By Alan Riding New York Times Service

ONDON - The Royal Opera House in Covent Garden is still a huge construc-tion site, but completion of its \$360 million redevelopment is now in view. Inside its horseshoe auditorium, while seats and carpets have yet to be installed, a large medallion of Queen Victoria's profile, placed above the proscenium 140 years ago, has been regilded in anticipation of the house's reopening on Dec. 1.

Yet if London's arts lovers have barely noticed this pricey metamorphosis, it is because a far more exciting political, financial and psychological drama has been tearing apart the Royal Opera House. Until recently the issue has not been how the new Covent Garden will look but whether the Royal Opera

and Royal Ballet will ever perform there. For the last three years the Royal Opera House has been a soap opera. Under three board chairmen and three directors it saw its deficit mount, its mismanagement exposed and its public image muddied. Its plans for performances in other theaters during Cov-ent Garden's current 30-month closing was so badly prepared that the board canceled most of the 1999-2000 season.

Two departing directors exchanged barbs with the board. The artistic director for opera, Nicholas Payne, left to run the English National Opera. The music director, Bernard Haitink, resigned in frustration in October. In November, artists and staff members pick-eted 10 Downing Street, while members of concerts in a new 420-seat Studio Theatre. the Royal Ballet contemplated resigning en masse and forming a new ballet company. Who could stop the rot?

An American in the form of Michael Kaiser, the former executive director of the American Ballet Theatre, arrived here in mid-November to sort out the warring British. That was not quite the wording of his mandate as the opera house's new executive director, but that in essence was his task. arriving at the scene of a crash. Remarkahly, 10 weeks later there are signs that peace is hreaking out at Covent Garden.

In December, the Arts Council of England, which provides about one-third of Cov-ent Garden's budget, raised its annual grant hy \$3 million, to \$32 million for 1999, and by a further \$6.4 million for 2000 and 2001 each. At the same time Haitink withdrew his resignation and agreements were signed with the opera house unions. The turmoil inside the Royal Ballet also was settled.



Michael Kaiser, executive director of the Royal Opera House.

On Jan. 28 Kaiser unveiled his strategic does not even consider Covent Garden's plan for Covent Garden, which, along with crisis to be that special. details of the opera and hallet programs through May 2000, included two innovations carefully designed to improve the house's public image: Ticket prices will be reduced, and the huilding will be open all day for tours,

Of course not all this was Kaiser's doing. Negotiations with the Arts Council already were under way, and it was well known that one condition for larger grants was a reduction in ticket prices. Yet with his reputation of having helped restore financial health to the Alvin Ailey American Dance Theatre and the American Ballet Theatre, again. He likes to remind them that he first Kaiser has been welcomed here like a doctor

"It does help to come from the outside,"
Kaiser said in his office, "because my experience of troubled organizations is that when you are in the midst of all the problems, everyone is focused on the past. Who caused the results of the problem? How did we get into this mess? They point fingers at each other, the staff hlames the board, the board hlames the staff, and no one is saying. Where do we go from

Perhaps to the dismay of some here, he

There was a lot of hurt here, and that's another thing in common with troubled or-ganizations," he explained. "People were feeling unloved, that they were not being treated properly, because when an organization is in trouble, typically the leadership begins cutting back on marketing and the creating of arts. The public and donors lose interest. You get less revenue, and you cut more marketing and arts, and you end up in deep trouble."

Part of Kaiser's first aid program has involved making the artists — the orchestra, the chorus and the dancers - feel wanted studied to be an opera singer, that his grandfather played in the New York Philharmonic

and I am there to support them." he said. His only disappointment so far is that the American director Francesca Zambello turned down an invitation to become the artistic director of the Royal Opera.

Lası year after Kaiser's own appointment,

PEOPLE

Sarah Billinghurst, head of artistic planning at the Metropolitan Opera in New York, also at the interroposition operated because she was refused the job reportedly because she was rebuffed in lier request to be named head of all Covent Garden. Now the search for a new

artistic director for opera has resumed. Work continues on Covent Garden's expansion, which includes enlarging the back-stage, raising the fly tower and adding two large annexes comprising offices, rehearsal rooms and the Studio Theatre, as well as a reception area in the so-called Floral Hall. But the Royal Opera House has not yet covered the project's \$250 million final cost.

the project's \$360 million final cost.

It has received a \$125 million grant from National Lonery profits, it has borrowed some \$70 million against future rentals of street-level shop space in its new annexes, and it has raised \$130 million in private donations. But it needs a further \$32 million. The house's anticipated deficit in March

2000 is another \$32 million. But Kaiser likes fund raising, which "is unusual for an arts executive in Britain," he said. He seems quite unfazed by the warnings that prosperous Britons have no tra-dition of donating money to the arts and the tax system does not encourage contributions. "There is money out there and people are willing to give it." he said. "You just have to have an exciting project to attract."

Fund-raising experience certainly helps. For example, each of the 16,000 Friends of Covent Garden pay just \$70 a year for the privilege of attending lectures and some rehearsals. Kaiser said he planned to introduce "a ladder of giving." common in the United States, to squeeze more money out of the

With private or corporate donors, he said, there is usually a need that can be satisfied. "Some want corporate entertaining oppor-tunities," he said. "They may want a product or service to be associated with something of high quality. They may want marketing visibility."

Kaiser is planning a full 2001-02 season, hut until then, instead of working from September through July, the Royal Opera House will suspend its productions at the end of May and rent the theater to louring compa-nies (like the Kirov Opera and Ballet in the summer of 2000).

Certainly the challenge is there, spelled out in a newspaper headline on his first day at work, "Chaos Reigns as Kaiser Enters Opera House.

"That was my welcome," he said,



SHOW TIME - Harvey Keitel and Zoe Bui before the Berlin Film Festival's screening of "Three Seasons," by Tony Bui, center.

THE actors Paul Newman and A Joanne Woodward made a rare stage appearance to benefit a land trust that is trying to save 668 acres (135 hectares) of forest from development. The two, who have been married more than 40 years, performed in A.R. Gurney's "Love Letters." at the Westport Country Playhouse in Connecticut. The performance raised \$175,000 for the Aspetuck Land Trust, which must raise \$12 million by September to purchase the land from a water company. Newman and Woodward live near the property, and Woodward said their children used to fish in the nearby reservoir.

Trying to protect their teenage from the perils of wealth, the Duke and Duchess of Northumberland have won approval from the High Court in London to defer the boy's huge inheritance until he is old enough to cope with it. Earl Percy, a 14-year-old at Eton who is in line to become the 13th Duke of Northumberland, would receive £1.6 million (\$2.55 million), plus £410,000 a

year from a trust fund, when he turns 18 under a family will. With court approval, the boy won't receive the money until he is 25 — or earlier in smaller amounts as the trustees deem fit.

The Spanish director Fernando Trneba, whose latest film is a comedy set in Nazi-era Germany, said Monday that enough time had passed for artists to confront fascism with humor. "I think we can talk about these things now with some calmness. There is no ideological, no moral risk involved," he said after the presentation of "La Nina de Tus Ojos" ("The Girl of Your Dreams") at the Berlin Film Festival. The film tells the story of Spanish musical under the Third Reich.

Guitars, manuscripts and drawings will fill a proposed museum in suhurban Tokyo dedicated to preserving the memory of John Lennon. The Japanese construction company Taisei Corp. said it would build the museum to ensure that the musician's artistic accomplishments live into the next century, the Kyodo news agency reported. The report said Taisel had signed an agreement with Lennon's widow, Yoko Ono.

vowed to eliminate genetically mod- April at the age of 56.

ified ingredients from his late wife Linda's range of vegetarian foods. His statement came after a British television program found that Linda McCarmey's vegetarian sausages and mince contained genetically modified soya de-The singer Paul McCartney has spite assurances from the company that they did not. She died of cancer last

A Stones Reunion in Minnesota

The Associated Press

C T. PAUL, Minnesota — The Rolling Stones got a grand welcome from their of former bodyguard, who happens to be the new governor of Minnesota.

"He's done us proud, hasn't he?" a chuckling Mick Jagger said during a meeting with Governor Jesse Ventura. "He's been fantastic.

o liked a Ventura proclamation declaring Monda Stones Day" in Minnesota — and Ventura's congratulations to the 55-year-old

Keith Richards for being "still alive." "He's done it very funny and heen very lighthearted about the whole thing. But it's obviously very nice for us," Jagger said. Asked whether the governor might be invited to sing, Jagger laughed and said: "I hope he doesn't want to wrestle, that's all.'

Ventura, a former professional wrestler who went hy the name "The Body," was a bodyguard for the Rolling Stones in the late 1970s and early 1980s.



out of the blue

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